

# ESG Report 2022

**Santander Bank Polska S.A.**



# Contents

<b>About the bank</b>	<b>4</b>
Letter from Michał Gajewski – CEO of Santander Bank Polska S.A.	4
Activity profile	6
About Santander Bank Polska S.A.	6
Ownership structure and the Santander Group	7
Strategy and business model of the bank	8
Performance results	11
Bank's stakeholders	14
Our stakeholders	14
Partnerships and sustainability commitments	15
Awards and distinctions	16
Selection of material aspects for the bank	17
<b>Governance</b>	<b>23</b>
Corporate governance strategy and policies	23
Management structure	25
Description of the management structure	25
Rules for remuneration of management	30
ESG Governance – What matters to us	32
Values and ethics	32
Security of services, transactions and customer data	35
Integrating ESG into the organization's risk management system	36
Meeting ESG regulatory requirements	44
Organisational and business resilience	45
Human rights policy	45
Sustainable supply chain	46
<b>E – Environmental</b>	<b>47</b>
Environmental and climate strategies and policies	47
Environmental protection – what matters to us	49
Aligning the portfolio to the Net Zero 2050 targets	49
Green finance	49
Environmental impact of operations	50
Greenhouse gas emissions	51
Other environmental indicators	53
Disclosures related to Regulation 2020/852	54
Disclosures related to Regulation 2019/2088 – SFDR	57
<b>S – Stakeholder relations – Social</b>	<b>58</b>
Stakeholder relations strategies and policies	58
Stakeholder relations – what matters to us	58
Positive customer experience (NPS)	58
Inclusive and sustainable banking	59
Impact of operations on the environment	61
Employee relations	61
Customer relations	67
Relations with society	71

Our performance	78
Results in the governance area.....	78
Results in the environmental area .....	81
Results in the social area .....	84
About the report	92
Description of the reporting process.....	92
Independent assurance.....	93
List of indicators	94
GRI table .....	94
TCFD table .....	98
List of indicators according to the Guidelines for ESG Reporting. Instruction for WSE listed companies.....	99
List of Santander's custom indicators .....	100
Glossary.....	101
Contact .....	102

# About the bank

## Letter from Michał Gajewski – CEO of Santander Bank Polska S.A.



Dear All,

The international security crisis, the abrupt reaction of the financial markets, soaring commodity prices and rising inflation have been the major challenges of the past several months. We will probably have to deal with them for a long time to come. In difficult and volatile conditions, it is necessary to act quickly and flexibly, which is why at Santander Bank Polska Group we responded to the war in Ukraine instantly. We launched a number of initiatives to support refugees, our Ukrainian employees and bank customers, including financial assistance, Polish language courses and a special offer of banking products. We dedicated our 2022 charity fundraiser "We Will Double Your Impact" specifically to helping Ukraine. More than 26,500 people took part in the campaign. Together with our clients, we raised more than PLN 4.25m, which we donated to organizations coordinating aid to the victims of the war, such as PAH, UNICEF, Polish Red Cross and the City of Przemyśl. We also entered into cooperation with the UN Refugee Agency (UNHCR). Our bank developed a unique technological solution that made it possible to distribute financial aid quickly and securely to refugees from Ukraine. Thanks to this, the UNHCR Cash Assistance program based on the BLIK check system was created.

Despite new challenges and the adverse environment, our long-term goals remain the same. The climate is changing at an ever faster rate, so we have less and less time to stop these changes. In 2022, the importance of energy transition and moving away from fossil fuels has increased. These issues are related to global warming and the energy security of Poland and Europe. Under the challenging conditions, as a socially engaged bank that consistently pursues its ESG strategy, we will continue to actively support our customers, business partners and employees.

As part of our Responsible Banking agenda, we have implemented an internal Sustainable Finance Classification System (SFCS). It allows us to classify, track and report on green financing. It is based on internationally recognized industry guidelines, such as the ICMA Social and Green Bond Principles, Climate Bond Standards and the EU Taxonomy. Green finance provided by Santander Group companies in

Poland in 2022 in line with SFCS amounted to more than PLN 2,668 million. We have been consistently involved in large financing projects for the construction of wind and photovoltaic farms.

We also made a number of internal changes. Santander Leasing has implemented a biometric signature as the first company in the leasing industry. Electronic documents and the use of tablets instead of paper allowed us to significantly reduce the consumption of paper. This solution is already being used by more than 80 percent of Santander Leasing customers. Santander TFI offers now two sub-funds that take ESG criteria into account in their investment processes.

Our activities also address areas related to diversity, equity and inclusion (DEI). The bank was listed for the second time on the Diversity IN Check list of the most advanced employers in Poland in terms of managing diversity and creating inclusive workplaces. Ten good practices followed by the bank and the Santander Foundation were also highlighted in the "Responsible Business in Poland. Good practices" report.

We are also engaged in educational programs and projects aimed at both children and young people, as well as professionals who want to develop their competencies. Under the Santander Universidades project, together with a number of universities, we provide opportunities for free continuing education, acquiring new skills and deepening knowledge. We offer people the opportunity to learn from experienced practitioners and obtain certificates from prestigious universities. More than 95,000 individuals from Poland have already benefited from free courses and scholarships, including almost 6,000 last year. In 2023, we plan to increase our support and award 12,000 scholarships.

Our services, solutions, but also outreach activities were recognized and awarded in 2022. The prestigious international financial magazine Euromoney recognized Santander Bank Polska as the Best Bank for Corporate Responsibility in Central and Eastern Europe. The Awards for Excellence recognized the support we provided to those seeking refuge in Poland as a result of the war in Ukraine. In 2022, Santander Bank Polska won for the second time the 1st place in the Golden Bank – Best Multichannel Service Quality category of Newsweek's Golden Banker ranking. For another year running, we also topped the Forbes ranking in the Company Friendly Bank category.

## Difficult year behind us, looking forward with optimism to the year ahead

At the beginning of 2022, the Polish economy was growing at a rapid pace, fuelled by a post-Covid rebound. However, the Russian invasion of Ukraine caused a marked deterioration in the business environment. Geopolitical risks increased. International trade was disrupted. There was a strong increase in energy commodity prices, and the level of uncertainty about global economic developments rose. These factors were reflected in a gradual reduction in GDP growth in subsequent quarters of the year. The NBP reference rate reached 6.75%, the highest since 2002. The hike in the central bank's rates was followed by an increase in interest rates on loans and deposits. As a result, the situation of the banking sector became difficult and fraught with economic, geopolitical and market challenges. Under such conditions, it is hardly possible to build sufficient equity capital to support the development of the economy and finance key projects such as those related to the energy transition.

Despite this, we have once again proven that we are a stable and high-performing bank and our business model is resilient to unforeseen events and delivers the expected results.

In 2023, business conditions should gradually improve, although they may initially remain unfavourable. There are still many challenges ahead for the Polish banking sector. But regardless of them, the Santander Bank Polska Group will continue to consistently pursue its Responsible Banking agenda with ambitious and advanced ESG projects. I am convinced that this is the only right path we want to follow while thinking about our common future.

Michał Gajewski  
CEO of Santander Bank Polska S.A.

# Activity profile

[GRI 2-1, GRI 2-6]

## About Santander Bank Polska S.A.

Santander Bank Polska S.A. (hereinafter "the bank") with headquarters in Warsaw is the third largest commercial bank and the largest bank with private capital in Poland. It is the parent company of the Santander Bank Polska Group, and its total assets amount to PLN 259bn. Santander Bank Polska S.A.'s activities are concentrated in Poland and include typical business and operational relationships with foreign banks and financial institutions, as well as servicing foreign customers and multidimensional cooperation within the global Santander Group. The bank has no active cross-border activities in other countries.

Santander Bank Polska Group provides services to meet a variety of financial needs of customers. In 2022, we served 5.7 million entities – including retail customers, small and medium-sized companies, large corporations and public sector institutions, both in the traditional channel and online.

We provide cash management services and handle domestic and foreign payments. We perform operations in the capital, money, foreign exchange and derivatives markets. We also conduct guarantee and brokerage activities.

[GRI 2-6]

### Our offer includes:

- bank accounts,
- credit products,
- savings and investment products,
- settlement products,
- intermediation in the sale of insurance products,
- card products.

### It is complemented by the products offered by our affiliates covered in this report. These include:

- Santander Towarzystwo Funduszy Inwestycyjnych S.A.,
- Santander Leasing S.A.,
- Santander Factoring sp. z o.o.
- Santander Allianz Towarzystwo Ubezpieczeń S.A.<sup>1</sup>,
- Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A.<sup>2</sup>.

Thanks to our cooperation with these companies, we can offer our customers access to investment funds, asset portfolios, leasing and factoring offers.

The Santander Bank Polska Group comprises the following subsidiaries and associates:

### Subsidiaries:

1. Santander Finanse sp. z o.o.
2. Santander Factoring sp. z o.o.
3. Santander Leasing S.A.
4. Santander Leasing Poland Securitization 01
5. Santander Inwestycje sp. z o.o.
6. Santander F24 S.A.
7. Santander Towarzystwo Funduszy Inwestycyjnych S.A.
8. Santander Consumer Bank S.A.

<sup>1</sup> [GRI 2-4] On May 21, 2022, the Santander Aviva insurance companies changed their names to Santander Allianz Towarzystwo Ubezpieczeń SA and Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A. This is a result of the acquisition of ownership of Aviva's Polish companies by the Allianz Group.  
<sup>2</sup> [GRI 2-4] On May 21, 2022, the Santander Aviva insurance companies changed their names to Santander Allianz Towarzystwo Ubezpieczeń SA and Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A. This is a result of the acquisition of ownership of Aviva's Polish companies by the Allianz Group.



9. Santander Consumer Finance sp. z o.o.
10. PSA Finance Polska sp. z o.o.
11. PSA Consumer Finance Polska sp. z o.o.
12. Santander Consumer Multirent sp. z o.o.
13. SCM POLAND AUTO 2019-1 DAC
14. Santander Consumer Financial Solutions Sp. z o.o.
15. S.C. Poland Consumer 16-1 sp. z o.o.
16. S.C. Poland Consumer 23-1 DAC

**Associates:**

1. POLFUND – Fundusz Poręczeń Kredytowych S.A.
2. Santander Allianz Towarzystwo Ubezpieczeń S.A.
3. Santander Allianz Towarzystwo Ubezpieczeń na Życie S.A.

This report relates to Santander Bank Polska S.A., unless it is explicitly indicated in the body of the report that the information refers to another company. More information on the structure of the Santander Bank Polska Group can be found in the Consolidated Financial Statements of the Santander Bank Polska Group for 2022.

## Ownership structure and the Santander Group

Santander Bank Polska is a subsidiary of Banco Santander S.A., headquartered in Madrid.

Shareholding structure of  
Santander Bank Polska as  
at 31 December, 2022



● 67.41% Banco Santander S.A.  
● 35.59% Other shareholders

Santander Bank Polska S.A. is listed on the Warsaw Stock Exchange, and our shares are included in the WIG20 and WIG-Banks indices. We are also listed in WIG-ESG, an index covering the most socially responsible WSE companies.

As at [31 December, 2022] the Santander Group has:



**160 million** customers,  
including 27.5 million loyal customers  
51.5 million digital customers



**206,462** employees



**9,019** branches

# Strategy and business model of the bank

[GRI 2-23] [GRI 2-24] [Custom indicator: Information on key products, including new products launched during the reporting period]

Santander Bank Polska's strategy is focused on delivering customer value. We are constantly improving the quality of services and products offered by putting the needs and requirements of customers at the centre of our activities. On the operational side, we place particular emphasis on automation and simplification of processes to improve the quality of service, increase operational efficiency, simplicity of solutions and transparency.

The implementation of Santander Bank Polska Group's strategy is supported by innovative solutions, a corporate culture that strengthens employee involvement and motivation, and the bank's social responsibility.

The strategic directions we have adopted are both interconnected and interdependent. Six strategic directions have been defined under the current strategy for 2021-2023: Customer Obsession, Employee Focus, Simplification, Omnichannel, Innovate to Open Platform and Safety and Trust. They are the key areas of focus for the Group's transformation. The adopted strategic directions:

- consolidate specific goals oriented toward winning the loyalty of different stakeholder groups: employees (Employee Focus), customers (Customer Obsession), communities and shareholders (Safety and Trust),
- attribute the greatest transformational value to goals related to the development of the Group's operating model: Simplification and Omnichannel,
- take into account the vision of the Santander Group's regional One Europe strategic plan, emphasizing the importance of the foundations on which the development of the organization is based (Safety and Trust), with a particular focus on responsible banking (Corporate Social Responsibility),
- highlight the need to build competitive advantages by Innovating to Open Platform.

## Six strategic directions for 2021–2023: “Focus to accelerate”

### Employee Focus

Employee experience as a gateway to Customer delight. **Ability to retain and acquire new talents** is a key to build critical competences and skills supporting Bank's transformation

### Safety and Trust

(CSR & Cybersecurity & IT systems stability)  
Realization of the **responsible banking agenda** Reliability of IT systems by ensuring high level of cybersecurity and stability (channels and support)

### Innovate to Open Platform

Plug-in to **Global and One Europe** Santander solutions, external 3rd parties (API) and **integration** of internal applications Increase **operational excellence** through speedy and cost effective implementations thanks to innovative API architecture and partnership

### Customer Obsession

by managing key customer journeys end-to-end and **spreading design competences to ensure breakthrough customer experience**

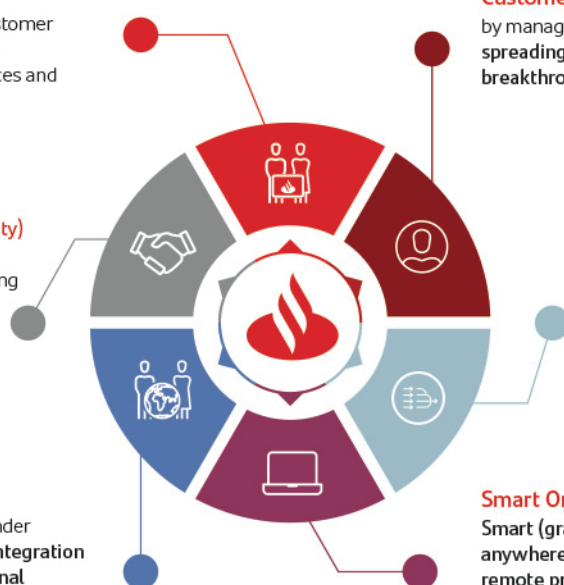
### Simplification

(Operating way & Organizational structure)

**Simplify the core in 4 major areas:** products, processes, papers and performance under One Europe umbrella – One Purpose One Process approach through seamless e2e processes.  
**Flat and simple organizational structure**

### Smart Omnichannel

**Smart (gradual) self-service anytime and anywhere. Maximise the number of self-service/ remote processes the clients can use.** Convert clients to become self-service through various stimuli & motivators. Multichannel integration of CEX based on customer value, customer preferences and cost to serve





The scale of our operations, the quality of our offer, our emphasis on operational agility and our focus on lasting partnerships with customers allow us to effectively strengthen our market position. The experience of the COVID-19 pandemic has prompted us to accelerate the transformation of customer service channels with the development of product availability and services in digital channels. We are observing changes in preferences and adjusting our customer contact centres to be always available in the preferred contact channel. We test the implemented solutions to match customer preferences.

The bank's business model is based on offering cutting-edge financial solutions for individuals, micro, small and medium-sized enterprises, as well as Polish and international corporations. We offer a wide range of banking services in domestic and interbank foreign markets. Above all, we focus on customer loyalty and employee commitment, which translates into increased revenues of receivables and deposits.

### Value creation by Santander Bank Polska Group



Our competitive advantages include:

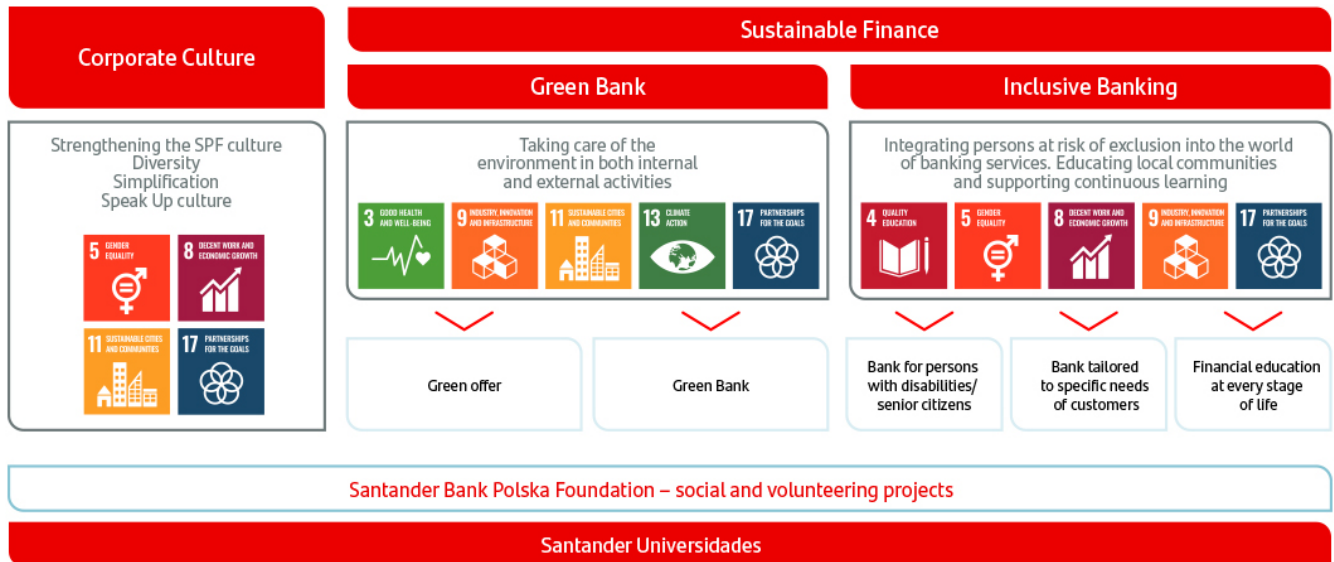
- stable sources of funding, a solid capital and liquidity base,
- diversified portfolio of assets,
- clear, coherent and consistently implemented strategic vision based on customer focus and operational efficiency,
- simple processes, digital technologies and implementation of agile ways,
- effective and simple business model,
- diversified activity profile,
- being part of the Santander Group and benefiting from international experience.

At the core of everything we do in the bank is the customer and their needs. Products, processes and channels of communication with customers are developed using service design to continuously improve customer satisfaction and build lasting relationships with customers.

In the process of creating value for customers, employees are a key element. The Group places emphasis on fostering a friendly work environment and internal culture within the organization, promoting cooperation, inclusiveness and increasing employee motivation, commitment and professionalism.

Santander Bank Polska S.A. provides top-quality services and delivers solutions based on modern technology, innovation and open platforms. Security, system stability and sustainable, socially responsible development are extremely important aspects of the business model in place. In its business activities, Santander Bank Polska Group strives to take into account the interests of all stakeholders, including shareholders and communities.

An integral part of our business strategy is the Responsible Banking Strategy, which defines our approach to ESG matters. The basis of the Sustainability Strategy we have adopted is corporate culture and sustainable finance.



The Responsible Banking Strategy is in line with the best international standards, including:

- Sustainable Development Goals (SDGs),
- Paris Agreement,
- UNEP FI Principles for Responsible Banking (PRB),
- Net Zero Banking Alliance.

[GRI 2-23] [GRI 2-24]

[TCFD – Strategy,

EC – Corporate climate-related policies, including mitigation or adaptation policies, EC – Climate-related targets, including greenhouse gas emission targets]

Our sustainability efforts are defined by the Banco Santander Group's global Net Zero strategy, adopted in 2021. It aims to achieve zero CO<sub>2</sub> emissions by 2050 for the direct activities of the Santander Group's entities and those related to the activities we finance for customers using our lending, advisory or investment services. As part of contributing to the environmental goals laid down in the EU Taxonomy, in particular climate change mitigation, in accordance with the Net Zero Strategy, by 2030 we will stop providing financing to customers who generate at least 10 percent of their revenues using thermal coal. At the same time, we want to end cooperation with companies engaged in thermal coal mining.

We are aware that the plan to achieve zero emissions involves uncertainties and risks over which we may have no control (e.g. war in Ukraine, rising energy prices). In order to achieve our goal, we need to define specific steps and milestones for a process that will result in zero emissions in 2050, determined on the basis of the results of climate science and scenarios for the future course of climate change. The strategy of the Santander Group includes specific decarbonization targets for certain sectors, which have been set at a global level. Santander Bank Poland has not yet developed transition plans that include short- and medium-term climate change adaptation and mitigation targets which the bank plans to accomplish in 2023.

The voluntary commitments we have made and the ethical, social and environmental principles that go beyond current regulations are contained in the Sustainability Policy. Our policies on environmental issues, social issues and corporate governance are described in detail in the following sections of this report.

# Performance results

[GRI 201-1]

[Custom indicator: Number of the bank's access points in Poland, including branches, broken down into outlets operated directly by the bank and partner outlets]

## Implementation of the strategy for 2021-2023

Financial and non-financial metrics of the Santander Bank Polska Group (as of 31 December, 2022).

	2022	2021
Cost of Credit Risk	0.59%	0.76%
Costs/Income (C/I) [%]	37.94%	43.63%
Total Capital Ratio (TCR) <sup>3</sup>	21.13%	19.05%

## Customers

	2022	2021	2020	2019	2018	2017
Total number of bank customers (in thousands)	5,695	5,432	5,215	5,049.5	4,884	4,412
Santander Internet – registered customers (in thousands)	4,869	4,492	4,179	4,424	4,019	3,388
Santander Internet – active customers (in thousands)	3,285	2,998	2,756.5	2,510	2,345	2,056
Santander mobile – active mobile customers (in thousands)	2,452	2,194	1,865	1,577	1,338	1,094
iBiznes24 – registered businesses (in thousands)	20	25	21	18	17	15

## Outlets (branches and partner outlets)

	2022	2021	2020	2019	2018	2017
Number of outlets/branches in Poland in 2022						
a. Branches <sup>4</sup>	351	396	468	515	612	576
b. Partner outlets	170	164	138	134	123	109
Business and Corporate Banking Centres	6	6	19	19	12	12

## ATMs and CDMs

	2022	2021	2020	2019	2018	2017
ATMs	472	610	731	774	858	948
CDMs	0	0	0	3	4	13
Dual-function machines	952	914	930	923	900	771

<sup>3</sup> Data in the relevant periods include profits credited to shareholders' funds in accordance with applicable EBA guidelines<sup>4</sup> Including branches, off-site locations and Santander Zones

## Financial results of Santander Bank Polska S.A.

	2022	2021*	2020	2019	2018	2017
Profit for the period (in PLN million)	2,449.0	915.9	738.40	2,113.5	2,167.0	1,916.2
Total assets (in PLN million)	238,098.0	216,715.2	203,140.5	181,471.5	183,038.6	132,863.3
Total liabilities (in PLN million)	211,802.8	192,887.8	177,717.7	157,293.9	159,178.2	112,024.4
Total equity (in PLN million)	26,295.3	23,827.4	25,422.8	24,177.6	23,860.4	20 838.8
ROE [%]	11.4%	4.1%	3.3%	10.1%	11.4%	11.0%

## Achievement of Responsible Banking goals

No.	2022 results	2021 results
1 Top 10 employers ranking	Top Employer Certificate	Top Employer Certificate
2 Women in senior positions	34.7%	34.7%
3 Equal Pay Gap	2%	2.4%
4 Number of people financially empowered as of 1 January 2019 (thousands)	651,453	130,992
5 Green finance in line with SFCS (in EUR m)*	566,4	214
6 Renewable electricity (%)**	83.5%	82%
7 Elimination of single use plastics (%)	100%	100%
8 Scholarships, internships and job placements (number)	5,915	6,422
9 Number of people helped	493,461	305,652

\*Data restated due to change in accounting policy related to recognition of credit risk of foreign currency mortgages.

\*\*Change in the metric presentation: results from the Corporate and Investment Banking Division have been added and information on compliance with SFCS provided

\*Electricity purchased directly by the bank

## Corporate culture

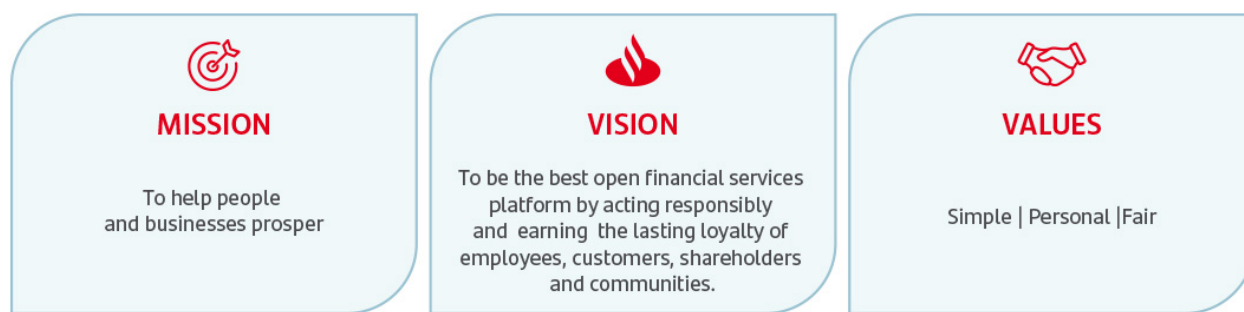
We operate according to the idea of the "Santander Way" which defines our purpose and operating principles. Our Bank is to be Simple, Personal and Fair.

Based on the results of a survey of employees and customers in every geographic and business area of the global Santander Group, the 2022 set of desired corporate behaviours has been modified to accelerate the organization's transformation and increase its appeal to customers. The new behaviours form the acronym "T.E.A.M.S" which indicates that we care most about people, our teams and customers.



Our values, mission, vision and ethical standards form a coherent corporate culture of Santander Bank Polska.

We value stability and predictability, which is why our values, mission and vision have not changed for years.



Our corporate culture is defined by:

- General Code of Conduct" – a document describing standards of conduct and desirable attitudes,
- Sustainability Policy – emphasizing the importance of good relations with employees,
- three corporate values – Simple, Personal, Fair
- behaviours in line with T.E.A.M.S.

We realize the importance of responsible leaders in building a corporate culture. That's why we have developed a catalogue of leadership commitments that we expect all those in leadership positions to follow. The members of our management team are committed to:

- promoting diversity with **openness and attention to employee engagement**,
- **inspiring and driving change** based on a clear strategic vision focused on sustainable profit,
- **giving example** – acting always in accordance with our system of values,
- **contributing to the success of the teams they manage** by supporting development and enabling.

As a financial institution, we attach great importance to developing a risk management culture – Risk pro. We want each of our employees, regardless of their position, to be aware of their responsibility for risk management.

Risk pro in our bank means:



education of employees and activities to raise awareness of the risks incurred in daily work



possibility to report situations of concern



incentive system



Heroes of Risk competition and awards for the best employees



Santander Week, an annual celebration of our corporate culture, was held in October 2022. Employees had the opportunity to learn more about our refreshed T.E.A.M.S. behaviours by participating in interesting workshops and webinars.

# Bank's stakeholders

## Our stakeholders

[GRI 2-29]

Our bank, in line with its customer-centric strategy, engages all stakeholders both in the process of aligning its products and services with customers' needs and in developing the bank's strategy, adapting its operations to the needs of the changing market and creating an engaging workplace. The stakeholder identification process is based on qualitative analysis, conducted for non-financial reporting and dialogue sessions, among other things, which we have been conducting since 2014 according to the AA1000SES standard. They allow us to update our stakeholder profile.

### Stakeholder map:

#### Retail customers

##### communication channels:

- ▶ bank outlets
- ▶ website and other online channels (bank's blog, Facebook, Twitter, LinkedIn)
- ▶ customer satisfaction surveys
- ▶ meetings, conferences and training sessions
- ▶ conversation with advisor
- ▶ video chat
- ▶ online form

#### Business customers

##### communication channels:

- ▶ bankers and customer advisors
- ▶ Business and Corporate Banking Centres
- ▶ conferences
- ▶ virtual trade missions
- ▶ opinion and satisfaction surveys
- ▶ online advisor

#### Employees

##### communication channels:

- ▶ communication channels:
- ▶ employee opinion surveys
- ▶ intranet
- ▶ newsletters, bulletins, mailings
- ▶ meetings with top management
- ▶ team-building meetings, workshops and training sessions

#### Suppliers and business partners

##### communication channels:

- ▶ direct contact
- ▶ conferences and industry events

#### Social partners

##### communication channels:

- ▶ face-to-face meetings and collaboration
- ▶ dialogue sessions with stakeholders
- ▶ activities of the Santander Bank Poland Foundation
- ▶ participation in conferences and local events
- ▶ corporate volunteering



#### Shareholders and the investor community

##### communication channels:

- ▶ quarterly performance presentations (meetings, conferences, stock market and press releases)
- ▶ General Meeting of Shareholders

#### Regulators

##### communication channels:

- ▶ reports
- ▶ formal correspondence
- ▶ ongoing cooperation during supervisory inspections

#### Industry organizations and associations

##### communication channels:

- ▶ direct meetings and cooperation

#### Media and public opinion

##### communication channels:

- ▶ press conferences and briefings
- ▶ interviews, expert commentaries
- ▶ face-to-face meetings
- ▶ press releases
- ▶ social media channels

#### Santander Group

##### communication channels:

- ▶ reports
- ▶ meetings and experience sharing

#### Natural environment

##### communication channels:

- ▶ ESG reports
- ▶ reports to institutions
- ▶ contacts and cooperation with environmental organizations



## Partnerships and sustainability commitments

[GRI 2-28]

We are involved in the work of associations, foundations and in initiatives that promote responsible practices. Below is a selection of initiatives in which we participated as a bank in 2022:

### Social and ethics initiatives in the financial sector:

- Declaration of Responsible Selling,
- Business and Human Rights program of the UN Global Compact Network Poland.

In addition, within the framework of cooperation with the Association of Polish Banks, the Bank's representatives are involved in the work of, among others:

- Consumer Credit Committee
- Payment Services Council
- Banking Technology Forum

The Bank is also a signatory to:

- Code of Banking Ethics,
- Declaration of banks on the plain language standard

### Environmental initiatives:

- UNEP Finance Principles for Responsible Banking,
- Equator Principles,
- Climate Positive Program of UN Global Compact Network Poland,
- Polish Plastics Pact,
- Green Ribbon #forthePlanet campaign,
- Re:Generation Program
- Green Transformation Council of the Lewiatan Confederation,
- 5 Fractions Coalition.

### Initiatives for the SDGs in Poland:

- Partnership for achieving the Sustainable Development Goals (SDGs) in Poland
- Declaration of Polish businesses for sustainable development under the project Sustainable Development Vision for Polish Business 2050.









In addition, Santander Leasing S.A. is a member of the Polish Leasing Association and the Polish Alternative Fuels Association and Santander TFI S.A. is a member of the Chamber of Fund and Asset Managers.



We described the goals of each initiative in our previous ESG reports for 2020 and 2021. Both documents are available at <https://esg.santander.pl>. In 2022, we continued to work with the same associations and partnerships as last year, and they are listed in the 2021 report.

## Awards and distinctions

In 2022, we were honoured to receive many distinctions and awards, including the following:

Awards for social activities	Industry awards	Awards for ESG reporting
<p>→ Golden CSR Leaf award in a ranking organized by POLITYKA Weekly, Deloitte and the Responsible Business Forum</p> 	<p>→ Three awards in the seventh edition of the Institution of the Year ranking in the categories Best Service in the Branch, Best Service in Remote Channels and Best Bank for Businesses. An honourable mention was also given to the Santander Bank Poland Foundation for its social responsibility activities</p>	<p>→ Main award (ex aequo) in the Sustainability Reports competition organized by the Responsible Business Forum and Deloitte (in the ESG report category)</p> 
<p>→ Entry to the Diversity IN Check list of the most advanced employers in Poland in terms of diversity and creating inclusive workplaces</p> 	<p>→ The main award in the Business Friendly Bank ranking organized by Forbes monthly received for the second time in a row</p> 	<p>→ Distinctions in four categories for banks and financial institutions in The Best Annual Report competition. Our 2021 report won the Best of the Best award, and we also received honourable mentions for best activity report, best compensation report and best corporate governance statement</p>
<p>→ "Fintech Project 2022" title for launching a solution to distribute aid funds to refugees from Ukraine using BLIK check. In this project we collaborated with the UN Refugee Agency (UNHCR)</p>	<p>→ Distinction in the 16th edition of the Ranking of Responsible Companies by the Kozminski Business Hub. Our bank was ranked second in the general category and in the Banking, Finance and Insurance category</p> 	
<p>→ Equal Pay Certificate from the Business Centre Club for companies applying equal pay policies for women and men in the same positions and working towards diversity and inclusiveness</p>	<p>→ Special award in the Best Cooperating Institution category of the Business Protector program. Santander Leasing was awarded in the Securitization Arrangers category,</p>	
<p>→ Educational campaign "Fairy tales for adults" with 3 statuettes of the "Golden Clips" competition</p> 	<p>→ The main award in the Golden Bank 2022 category of the Golden Banker ranking organized by bankier.pl website and Puls Biznesu</p> 	
<p>→ Ethical Company 2022</p> 		

# Selection of material aspects for the bank

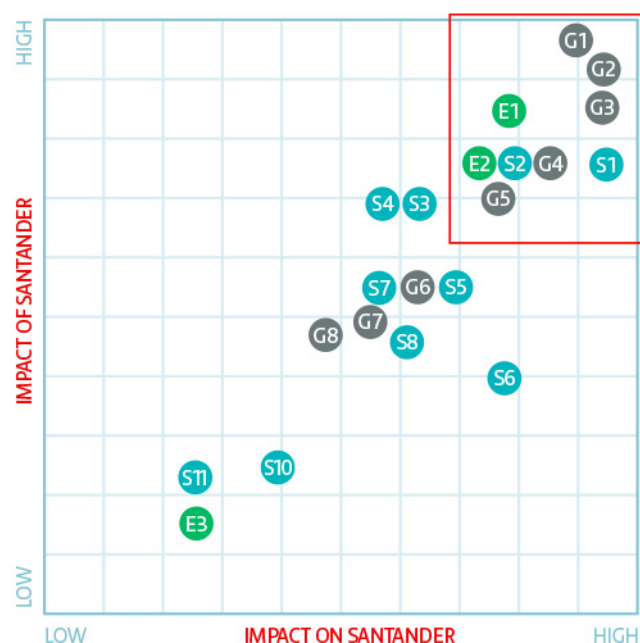
[GRI 3-1, GRI 3-2] [GRI 2-25]

In 2022, we conducted an assessment of the materiality of ESG aspects using a pilot methodology developed by the Santander Group.

The assessment process consisted of three stages. At first, we compiled a list of material ESG aspects identified from the bank's internal documents, industry-relevant issues, trends, topics identified a year earlier and aspects considered important by competitors. In the second stage, we asked external experts, employees, customers and NGOs to evaluate the diagnosed aspects. Each aspect was evaluated from the perspective of dual materiality i.e. in terms of its impact on our bank and in terms of our bank's impact on that aspect. The third stage involved assigning appropriate weights to the ratings given and developing the ESG Materiality Matrix of Santander Bank Polska S.A.

## ESG Materiality Matrix

Results of the assessment process



### HIGHLY MATERIAL ASPECTS

G1	Security of services, transactions and customer data
G2	Values and ethics
G3	Integrating ESG into the organisation's risk management system
S1	Positive customer experience (NPS)
E1	Aligning the portfolio to Net Zero 2050
G4	Meeting the regulatory ESG requirements
S2	Inclusive and sustainable banking
E2	Green Finance
G5	Operational and business resilience

### OTHER MATERIAL ASPECTS

S3	Diversity in the workplace
S4	Safety and wellbeing of employees
S5	Human rights
G6	Corporate governance
S6	Digitalisation and innovation
S7	Working conditions
G7	Combating crime
S8	Staff development
G8	Bank's response to the Covid-19 pandemic
S9	Responsible supply chain
S10	Community engagement
E3	Direct environmental impact

Compared to 2021, the list of ESG aspects that have the highest materiality to our bank's strategy has been expanded from eight to nine topics. Some aspects were reformulated under the influence of sustainability trends and the ESG priorities defined by the Santander Group. The differences are presented in the table below:

HIGHLY MATERIAL ESG ASPECTS IN 2021	HIGHLY MATERIAL ESG ASPECTS IN 2022	COMMENTS
Security of services, transactions and customer data	Security of services, transactions and customer data	An aspect considered highly material in both 2021 and 2022
Values and ethics	Values and ethics	An aspect considered highly material in both 2021 and 2022
Comprehensive risk management, including ESG risks	Operational and business resilience Integrating ESG into the organization's risk management system	The aspect "Comprehensive risk management, including ESG risks" has been divided into two separate topics. "Operational and business resilience" is an aspect considered highly material in the CSRD. It is also an aspect included in Santander Group's summary of the highly material ESG aspects. The issue of "Integrating ESG into the risk management system" has been included as a separate aspect due to the high importance of the topic.
Positive customer experience (NPS)	Positive customer experience (NPS)	An aspect considered highly material in both 2021 and 2022
Climate policy	Portfolio alignment with Net Zero 2050 goals Green finance	Following the development of the EU's climate policy, the Climate Policy aspect has been divided into two aspects ("Aligning the Portfolio to Net Zero 2050" and "Green Finance"), in line with the approach taken by the Banco Santander Group.
–	Meeting regulatory ESG requirements	Due to the increasing regulatory obligations imposed on financial institutions in the ESG area, it was decided to add a new aspect in 2022. This aspect was considered the most important.
Green finance (ESG finance)	Inclusive and sustainable banking	The Green Finance aspect was covered by the following two aspects: Integrating ESG into Risk Management System and Inclusive and Sustainable Banking. Both aspects were included in the list of the highly material ESG aspects.
Financial performance	–	Financial Performance is the result of all implemented activities and should be considered more as an overall performance measure rather than an ESG aspect. Therefore, it was decided to move away from Financial Performance as a separate ESG aspect.
Digitization and innovation	–	The Digitization and Innovation aspect was considered to be a slightly less material ESG aspect.

For the purpose of this report, we have analysed the impact of Santander Bank Polska S.A. on the environment, taking into account external impacts as well as internal processes and the impact on employees. We identified the areas in which our organization has actual and potential impact, as well as positive and negative impact. We also determined whether the impact is major, moderate or minor. Below are the areas defined as "major" along with background data.

Impact	Actual or potential impact?	Positive or negative impact?	Background and comments	Santander's impact on the environment according to the Materiality Matrix (Santander methodology) (on the 0 to 5 scale)
Data security	Actual	Positive	Santander Bank Polska S.A. processes significant amounts of customers' personal data and other confidential and sensitive information, which are vulnerable to accidental breaches and targeted by cybercriminals. The impact affects several stakeholder groups (retail customers, business customers, media and the public, industry organizations, Santander Bank Polska Group). The Bank maintains a functioning security system for services, transactions and data, which is responsible for the security of this data. Legitimate complaints about data loss and privacy violations occur on a relatively small scale compared to the scale of the bank's operations. The bank conducts educational campaigns on safe online banking.	5.0
Data security	Potential	Negative	The progressive digitalization of the banking sector means that Santander Bank Polska S.A. and other financial institutions are exposed to the risk of incidents such as loss or theft of confidential data (including customer data), interruption of key services, attacks on customer assets, fraudulent transactions. In the past, there have been incidents of customer privacy breaches and data loss on a relatively small scale in relation to the size of the Bank's operations – a scale that could potentially increase significantly as more of the bank's day-to-day processes are digitized. Potential negative impacts in this area could lead to non-compliance with regulations such as Regulation 2016/679 (GDPR).	5.0
Values and ethics	Actual	Positive	Santander Bank Polska S.A. has a Business Ethics Council, a General Code of Conduct, the Respect and Dignity policy and whistleblower channels for reporting misconduct. The Council's tasks include analysing situations and events that are indicative of unethical behaviour and recommending the best solutions. In 2021, one case of suspected corruption was reported; in 2019-2020 and 2022, there were no confirmed cases of corruption at the bank	4.8

Values and ethics	Potential	Negative	Santander Bank Polska S.A. is the third largest bank in Poland. Any hypothetical incidents of corruption, bribery or other unethical behaviour, due to the impact scale, would have a negative effect on the environment and lead to non-compliance with relevant regulations. Corruption poses a serious threat to economic growth and good governance, disrupts the functioning of market mechanisms, reduces the degree of public trust in financial institutions, and promotes human rights violations, so the impact has been assessed as significant.	4.8
Risk management	Potential	Negative	By managing ESG topics, Santander Bank Polska S.A. contributes to the process of managing systemic risks arising from, among other things, climate change or social inequality in Poland. The bank is a prominent financial institution in the Polish market, so any inefficiencies and omissions in the bank's risk management processes could potentially impair the performance of the financial system and reinforce market disruptions due to the interconnectedness of the system, which would affect many stakeholder groups: customers, employees, the environment. Due to the growing importance of ESG considerations, the probability of such negative effects was assessed as high.	4.5
Compliance with regulations	Actual	Positive	The bank complies with good practices, international standards and applicable regulations. It goes beyond minimum legal requirements by following good practices and aspiring to reporting according to the GRI standard and TCFD guidelines.	4.1
Business strategy	Potential	Negative	The magnitude of the impact has been assessed as high due to the relevance of the topic in the new CSRD, as well as in the context of the importance of financial institutions in relation to achieving the goals of the Paris Agreement (impact may lead to non-compliance).	3.9
Climate change and GHG emissions	Potential	Negative	Santander Bank Polska S.A. could contribute to negative environmental impacts by financing environmentally unsustainable activities which would have a significant negative impact on climate. Failure to align the investment portfolio with Net Zero targets would prevent compliance with the Paris Agreement, which is expected of Santander Bank Polska S.A. in light of the Banco Santander Group's strategy.	4.5
Portfolio and products	Potential	Negative	Failure to align financial product offer with Net Zero goals would prevent compliance with the Paris Agreement, which is expected of Santander Bank Polska S.A. in light of the Banco Santander Group's strategy.	4.0
Relations with customers	Actual	Positive	The impact consists in providing financial services to customers, simplifying and digitizing products and processes, promoting omnichannel service and simplifying the credit process for businesses.	4.1



Disadvantaged groups	Actual	Positive	Santander Bank Polska S.A., by providing access to financial services to people with individual needs, has a positive impact on building trust in financial institutions and financial inclusion of people (Barrier-Free Service program, tailoring services to the needs of customers with disabilities). The impact affects several stakeholder groups – primarily customers, but also social partners, the media and the public.	4.1
Disadvantaged groups	Potential	Negative	A potential lack of action in this area could deprive people with individual needs of access to banking and undermine social capital and trust in financial institutions. The impact affects several stakeholder groups – primarily customers, but also social partners, the media and the public.	4.1
Diversity	Potential	Negative	The impact was assessed as moderate. A potential lack of action could negatively impact diversity and equal opportunities in the workplace, including equal pay for men and women. In extreme cases, negative impact in this area could lead to non-compliance with equal treatment laws.	3.8
Human rights	Potential	Negative	When assessing human rights impact, the importance of the human rights topic should be considered first and foremost, rather than the possibly low probability of the occurrence of real effects.	3.2
Corporate governance	Actual	Positive	Santander Bank Polska S.A. is the third largest bank in Poland so the magnitude and extent of the impact was assessed as high. Corporate governance of Santander Bank Polska S.A. defines the principles of the bank's authorities, internal systems and processes. Strict adherence to these principles allows building good relations with shareholders, customers and other stakeholders, and increases the effectiveness of internal supervision, key internal systems and functions, and statutory authorities.	3.2
Corporate governance	Potential	Negative	Santander Bank Polska S.A. is the third largest bank in Poland. The potential weaknesses in the functioning of corporate governance could have a significantly negative impact on the environment and would lead to non-compliance with applicable voluntary guidelines such as Good Practices for Companies Listed on the WSE or Corporate Governance Principles for Supervised Institutions.	3.2
Financial crime	Potential	Negative	The magnitude of the impact was assessed as high, as the negative effects would lead to non-compliance with regulations. The impact of negligence in the area of financial crime prevention could also be irreversible.	3.2

## Highly material ESG aspects in 2022

Security of services, transactions and customer data

Values and ethics

Operational and business resilience

Integrating ESG into the organisation's risk management system

Positive customer experience (NPS)

Green Finance

Aligning the portfolio to Net Zero 2050

Meeting the regulatory ESG requirements

Inclusive and sustainable banking

## Where we write about this in our report:

✓ Security of services, transactions and customer data (p. 35)

✓ Values and ethics (p. 32)

✓ Operational and business resilience (p. 45)

✓ Integrating ESG into the organisation's risk management system (p. 36)

✓ Positive customer experience (NPS) (p. 57), Customer-centricity (p. 67)

✓ Green Finance (p. 49)

✓ Aligning the portfolio to Net Zero 2050 (p. 49)

✓ Meeting the regulatory ESG requirements (p. 44)

✓ Inclusive and sustainable banking (p. 59)

# Governance

## Corporate governance strategy and policies

[GRI 2-23] [GRI 2-24]

Corporate governance defines the principles of Santander Bank Polska S.A.'s authorities and the operation of its systems and processes. It shapes exemplary relations with shareholders, customers and other stakeholders, and enhances the effectiveness of internal supervision, key internal systems and functions, and statutory bodies. The adopted principles emphasize the professionalism and ethical profile of the members of the management and supervisory bodies, transparency and utmost diligence in operations, which builds market confidence in the Santander Bank Polska Group and supports the sustainability and credibility of the domestic capital market.

The corporate governance applied at the bank is based on the provisions of the law (in particular, the Commercial Companies Code, the Banking Law and the regulations governing capital market operations), as well as on the principles included in the Good Practices of Companies Listed on the WSE, the Corporate Governance Principles for Supervised Institutions issued by the Financial Supervision Commission and the Code of Banking Ethics. The year 2022 was the first year in which the KNF's Recommendation Z on internal governance principles in banks was in force. In order to fully implement its provisions, governance processes and principles were reviewed and supplemented, both at the bank and Group levels.




For a full description of our corporate governance, see Santander Bank Polska S.A.'s 2022 Corporate Governance Statement.

In 2022, we have not recorded any cases of deviation from the principles described in these documents.

Santander Bank Polska S.A. has implemented the Corporate Governance Model for the Group and its Subsidiaries and Guidelines for Subsidiaries. This document defines the most important principles for the relationship between the S Group and its subsidiaries, clarifies the guidelines for the management and supervisory bodies of the companies and the most important business, support and control functions.

## The most important regulations that underpin our corporate governance include:

▶ Internal governance principles	▶ Corporate governance principles in Santander Bank Polska Group	▶ Corporate Governance Model for the Group and its Subsidiaries and Guidelines for Subsidiaries	▶ Detailed Corporate Governance Principles	▶ General Code of Conduct
▶ Information Policy	▶ Conflict of Interest Policy	▶ Code of Conduct for Securities Markets	▶ Anti-Money Laundering Policy	▶ Policy 5 Principles of Cyber Security
▶ Anti-Corruption Program	▶ Sustainability Policy	▶ Policy for Selection and Assessment of Suitability of Management Board Members and Individuals Performing Key Functions at Santander Bank Polska S.A.		▶ <a href="#"><u>Policy for Assessing the Suitability of Members of the Supervisory Board of Santander Bank Polska S.A.</u></a>

The Compliance function is responsible for the development, implementation and application of regulations for the purpose of compliance assurance.

All regulations related to compliance assurance are reviewed annually and updated as necessary. The Sustainability Policy was updated in 2022. The Social, Environmental and Climate Change Risk Management Policy includes sector policies for the energy, mining and metals, and soft commodities sectors. Information on the establishment of the ESG Forum was also added.

# Management structure







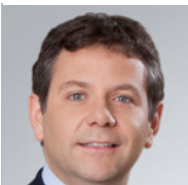


## Description of the management structure

[GPW G-P1]

### Management Board composition

[GRI 2-9] [GRI 2-11]

There were no changes in the composition of the Management Board of Santander Bank Polska S.A. in 2022. The composition of the Management Board was as follows:

	<b>Michał Gajewski<sup>5</sup></b> President of the Management Board, CEO		<b>Andrzej Burliga</b> Vice-President of the Management Board in charge of Risk Management Division		<b>Juan de Porras Aguirre</b> Vice-President of the Management Board in charge of Corporate and Investment Banking Division
	<b>Arkadiusz Przybył</b> Vice-President of the Management Board in charge of Retail Banking Division		<b>Lech Gałkowski</b> Member of the Management Board in charge of Business and Corporate Banking Division		<b>Patryk Nowakowski</b> Member of the Management Board in charge of Digital Transformation Division
	<b>Carlos Polaino Izquierdo</b> Member of the Management Board in charge of Accounting and Financial Control Division*		<b>Maciej Reluga</b> Member of the Management Board in charge of Financial Management Division		<b>Dorota Strojowska</b> Member of the Management Board in charge of Business Partnership Division

\*On 13 December, 2022 the bank's Supervisory Board passed a resolution to appoint María Elena Lanciego Pérez as a member of the bank's Management Board. She took up this position on 1 January, 2023. The appointment followed the resignation of Carlos Polaino Izquierdo effective 1 January, 2023.



For more information about the Board Members, the distribution of tasks, major competencies, meeting the criteria for independence and the term of office, see [our website under the Investor Relations tab](#).

<sup>5</sup> For the purpose of GRI 2-11 disclosure, we explain that the bank operates under a dualistic model, in accordance with the Commercial Companies Code, which provides for the division of management and supervisory powers between the Management Board and the Supervisory Board. The Chair of the Supervisory Board is not a member of the bank's Management Board.

## Role of the Management Board and Supervisory Board

[GRI 2-12] [GRI 3-3] [TCFD – Corporate governance] [EC – Management Board's supervision of climate-related risks and opportunities. Management's role in assessing and managing climate-related risks and opportunities]

The role of the Management Board is to manage the bank's affairs, represent the bank, prepare the assumptions of business and financial plans and approve and monitor their execution. The Management Board regularly reports to the Supervisory Board on the bank's situation. The members of the Management Board jointly manage the bank's affairs. Their tasks also include defining the bank's mission, setting long-term strategic plans and goals, establishing standing and ad hoc committees and appointing persons responsible for directing their work. According to the bank's statutes, the Management Board is responsible for implementing corporate governance at the bank and ensuring compliance with it. At least twice a year, the Management Board evaluates the degree of compliance with the bank's ethical principles.

The responsibilities of the Management Board also include the management and of the Supervisory Board supervision of the climate risk. Among other things, these bodies approve key policies and internal control systems and participate in risk reviews and acceptance. In addition, the Management Board is responsible for developing a climate strategy and setting its main objectives in line with the Net Zero strategy of Banco Santander Group. Decision-making takes into account the assessments and information and analyses of the body responsible for risk management which is the Risk Committee. This committee is involved in the process of identifying various climate risks and opportunities, and based on its guidelines, the Risk Appetite Statement is adopted. The Management Board is responsible for overseeing and approving the Responsible Banking Strategy and the integration of ESG criteria into the overall business strategy (in the short, medium and/or long term) and as part of the risk management process. ESG risks are the responsibility of all Board Members. The Risk Division acts as the second line of defence in ESG risk management. In the near future, there are plans to analyse environmental risk activities and develop a full accountability model, including the definition of the role of internal control.

The Supervisory Board approves the acceptable level of risk. It is also the responsibility of the Supervisory Board to review the bank's management strategy and the risk management strategy taking into account the long-term perspective. In making its decisions, the Supervisory Board also considers the assessments, information and analyses of the unit responsible for risk management.

## Appointment of the Management Board, evaluation of its activities, knowledge and competence of its members

[GRI 2-9] [GRI 2-10] [GRI 2-17] [GRI 2-18]

Members of the bank's Management Board are appointed and dismissed in accordance with the provisions of, among others, the Commercial Companies Code, the Banking Law and the provisions of our Statutes and the Appointment and Succession Policy for Members of the Management Board of Santander Bank Polska S.A. They are appointed by the Supervisory Board, but the appointment of two Board Members, including the President, must be approved by the Polish Financial Supervision Authority (KNF). The criteria used to select members of the Management Board and the Supervisory Board are also derived from the Methodology for Assessing the Suitability of Members of the Authorities of Supervised Entities, published by the Financial Supervision Authority. Members of the Management Board may be dismissed by the Supervisory Board or the General Meeting of Shareholders at any time. The Management Board's term of office is three years.

In accordance with the bank's Policy for the Selection and Assessment of the Suitability of Management Board Members and Key Executives at Santander Bank Polska S.A., when appointing the Management Board and Supervisory Board, we take into account criteria to ensure the comprehensiveness and diversity of these bodies. Each member of the Management Board is subject to an individual and independent suitability assessment, and the Management Board as a whole is subject to a collective, independent suitability assessment. The assessment is also carried out in accordance with the Methodology for Assessing the Suitability of Members of Bodies of Entities Supervised by the Financial Supervision Authority. Individual and collective suitability assessment is carried out at least once a year and in situations specified in the aforementioned policy, such as when candidates for Board Members are proposed (as a rule, before a person is appointed to the Board), when the composition of the Board changes or when there is a significant change in the bank's business model. If a person is deemed unsuitable to serve as a Management Board Member, he or she shall immediately step down.



For more information see the Statement of Santander Bank Polska S.A. on Corporate Governance.

[https://www.santander.pl/regulation\\_file\\_server/time20230222083502/download?id=165113&lang=pl\\_PL#pf81](https://www.santander.pl/regulation_file_server/time20230222083502/download?id=165113&lang=pl_PL#pf81)



The performance of the Management Board and its members is monitored by the Supervisory Board. The process of assessing the qualifications of Management Board members and other key executives of the bank is conducted by the Nominations Committee and the Remuneration Committee of the Supervisory Board. The members of the Management Board are also subject to performance appraisal in the implementation of the Responsible Banking agenda. This is one of the strategic directions, written into the charter of goals as mandatory: Safety&Trust (ESG). The KPIs by which its implementation is measured include green finance, position in the Top 10 employers, number of women in senior positions and closing the equal pay gap (EPG). The evaluation is carried out twice a year (mid-year review and annual evaluation).

All members of the Management Board have the knowledge, experience and qualifications necessary for the proper performance of their functions. Serving on the Management Board is the main activity of its members, although some additionally serve on the Supervisory Boards of the bank's subsidiaries, which improves supervision and the functioning of the Santander Bank Polska Group.

Management Board members on an ongoing basis participate in ESG conferences and trainings. In March 2022, Management Board and Supervisory Board members participated in a dedicated ESG in Financial Sector training on the topic of sustainable finance and related regulations. This year, we also launched a mandatory ESG Training – Introduction to Sustainability for Management Board Members, prepared by the Santander Group.

## Committees

[GRI 2-9] [GRI 2-13]

The bank's standing committees, which are responsible for managing the bank's environmental, social and economic impacts, include:

- Operational Risk Management Committee (ORMCO),
- Disclosure Committee,
- Information Management Committee,
- Risk Management Committee,
- Risk Management Forum,
- Regulatory and Reputational Risk Committee,
- Credit Committee,
- Local Product Marketing and Monitoring Committee,
- Public Policy Committee,
- General Compliance Committee
- Responsible Banking and Corporate Culture Committee\*.

\* The key committee with responsibility for managing sustainability and ESG issues is the Responsible Banking and Corporate Culture Committee which supports the Management Board in overseeing the Responsible Banking and Sustainable Development Strategy – both at the company level and at the level of the entire Santander Bank Polska Group. The President of the Management Board is also the chair of this committee, and its responsibilities include defining the strategy and annual goals of Responsible Banking and Corporate Culture and ensuring the implementation of the provisions of Santander Bank Polska S.A.'s social and environmental policies.

The committee members are:

- President of the Management Board of Santander Bank Polska S.A. – Chairman of the Committee;
- Member of the Management Board of the bank in charge of the Retail Banking Division;
- Member of the Management Board of the bank in charge of the Business Partnerships Division;
- Member of the Management Board of the bank in charge of the Financial Management Division;
- Member of the Management Board of the bank in charge of the Business and Corporate Banking Division;
- Member of the Management Board of the bank in charge of the Corporate and Investment Banking Division;
- Member of the Management Board of the bank in charge of the Risk Management Division;
- Member of the Management Board of the bank in charge of the Digital Transformation Division;
- Member of the Management Board of the bank in charge of the Accounting and Financial Control Division;
- Head of the Bank's Legal and Compliance Area;
- Compliance Area Director;

- Corporate Communications and Marketing Area Director;
- Employer Brand Office Director;
- Business Partnerships Department Director;
- Risk Culture Development Director;

The Committee is supported by the ESG Forum. The Forum's task is to analyse challenges, opportunities and risks related to the EU Sustainable Finance agenda, plan ESG activities, coordinate their implementation, and report periodically (twice a year) to the Responsible Banking and Corporate Culture Committee and the bank's Management Board. Members of the ESG Forum include senior managers from all divisions and areas.



For more information on the role of the committees, see the bank's [2022 Annual Report](#).

## Supervisory Board composition

Permanent supervision of the bank's activities is exercised by the Supervisory Board. In 2022, its composition remained unchanged and as at 31 December, 2022 the members of the Supervisory Board were:



**Antonio Escámez Torres**

Chairman of the Supervisory Board  
(does not meet the independence criteria)



**José Luís De Mora**

Deputy Chairman of the Supervisory Board  
(does not meet the independence criteria)



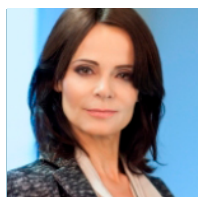
**Dominika Bettman**

Member of the Supervisory Board  
(meets the independence criteria)



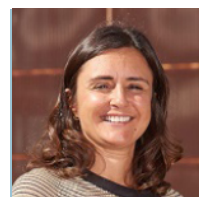
**José García Cantera**

Member of the Supervisory Board  
(does not meet the independence criteria)



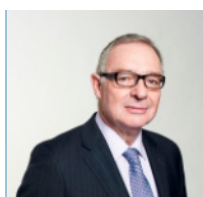
**Danuta Dąbrowska**

Member of the Supervisory Board  
(meets the independence criteria)



**Isabel Guerreiro**

Member of the Supervisory Board  
(does not meet the independence criteria)



**David R. Hexter**

Member of the Supervisory Board  
(meets the independence criteria)



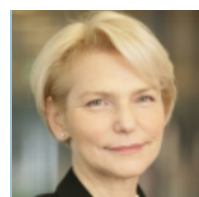
**John Power**

Member of the Supervisory Board  
(does not meet the independence criteria)



**Jerzy Surma**

Member of the Supervisory Board  
(meets the independence criteria)



**Marynika Woroszyńska-Sapieha**

Member of the Supervisory Board  
(meets the independence criteria)

## Appointment of the Supervisory Board

[GRI 2-9] [GRI 2-10]

The Supervisory Board consists of at least 5 members appointed for a joint term of three years. Members of the Board, including its Chairperson, are elected and dismissed by the General Meeting of Shareholders. The Management Board informs the Polish Financial Supervision Authority (KNF) about the composition of the Board.

The term of office of a member of the Supervisory Board expires no later than on the date of the General Meeting of Shareholders approving the financial statements for the last full financial year of his or her function as a member of the Supervisory Board. The term of office shall also expire upon death, resignation or dismissal. The term of office of a Supervisory Board Member appointed before the expiration of a given term of the entire Supervisory Board shall expire simultaneously with the expiration of the terms of office of the remaining Members of the Board. The Supervisory Board may appoint committees and persons responsible for directing the work of these committees. The Supervisory Board appoints from among its members the Audit and Compliance Committee, the Risk Committee and the Remuneration Committee, and may appoint other committees to support and improve the activities of the Supervisory Board. Detailed terms of the committee operations, including the roles and competencies of the committee chair and members, are set by regulations adopted by the Board.

### Composition of the committees:

	Audit and Compliance Committee	Risk Committee	Nominations Committee	Remuneration Committee
Antonio Escámez Torres (Chairman of the Supervisory Board)				
José Luís De Mora (Deputy Chairman of the Supervisory Board)			X	X
Dominika Bettman (Member of the Supervisory Board)	X	X		X
José García Cantera (Member of the Supervisory Board)				
Danuta Dąbrowska (Member of the Supervisory Board)	X		X	Chair
Isabel Guerreiro (Member of the Supervisory Board)				
David R. Hexter (Member of the Supervisory Board)	Chair	X	X	
John Power (Member of the Supervisory Board)		X		
Jerzy Surma (Member of the Supervisory Board)	X	Chair	X	
Marynika Woroszyńska-Sapieha (Member of the Supervisory Board)	X		Chair	X

By 2025, the bank committed to ensure that the share of women on the Supervisory Board would be between 40% and 60%<sup>6</sup> – the goal has already been achieved (women make up 40% of the Board).



For more information about the nomination process and the criteria for independence of Supervisory Board members, see [our Statutes](#) and the [Regulations of the Supervisory Board](#).

Detailed information about the Supervisory Board Members, breakdown of responsibilities, relevant competencies, fulfilment of independence criteria and term of office can be found on [our website under the Investor Relations tab](#).

<sup>6</sup> The need for these changes was due to the necessity to adapt to the requirements of Recommendation Z of the Polish Financial Supervision Authority (KNF) concerning the principles of internal governance in banks and the guidelines of the European Banking Authority no. EBA/GL/2021/06 of July 2, 2021 on the assessment of the suitability of members of the management authorities and key executives.

## Rules for remuneration of management

[GRI 2-19] [GRI 2-20] [GRI 2-21]

The remuneration policies of Santander Bank Polska S.A. are designed to ensure fair payment for work performed and to motivate the achievement of the best possible results and strategic objectives.

The rules of remuneration for members of the Management Board and Supervisory Board are regulated by:

- Remuneration Policy for Members of the Management Board of Santander Bank Polska S.A.,
- Remuneration Policy for Members of the Supervisory Board of Santander Bank Polska S.A.

The remuneration of Board Members consists of a fixed part and a variable part, awarded on the basis of performance evaluation. The remuneration of the Members of the Supervisory Board is not dependent on options or other derivatives or any other variables or performance of the bank.

The remuneration of the President and Members of the Management Board is determined by the Supervisory Board taking into account the recommendations of the Remuneration Committee. This Committee determines the policy for remuneration of the bank's Management Board Members and the individual terms and conditions within the remuneration packages for each person on the Management Board. In determining the amount of remuneration, consideration is given, among other things, to the function performed, the scope of responsibility and professional qualifications and experience. The market competitiveness of the remuneration is also taken into account. The Remuneration Policy ensures an appropriate level of remuneration for the Management Board and Supervisory Board members, as well as for key executives, enabling the bank to attract, retain and appropriately motivate individuals with the competencies necessary to properly lead and supervise the bank.

The structure of total remuneration is in line with market practices, while remuneration levels are in line with banking sector standards, taking into account the scale of the bank's operations.

The bonus system for Management Board members makes the level of remuneration conditional on an assessment of the company's long-term financial position, the long-term growth of shareholder value and the stability of the company's operations and the acceptable level of risk.

The amount of the annual bonus is determined in particular based on:

- quantitative indicators (e.g. customer satisfaction indicators, number of customers and number of loyal customers, return on equity, return on risk-weighted assets),
- qualitative indicators resulting from a qualitative analysis of financial performance and risks incurred (e.g. NPS survey, implementation of responsible banking measures, including local community and environmental objectives),
- the value of the potential adjustment arising from unforeseen events.

The award of variable remuneration to Management Board Members is based on the outcome of the assessment of their performance. The selection of indicators (as well as their granularity) for individual Management Board Members takes into account the scope of their individual duties and responsibilities in the bank's management process.

On the basis of the indicators and the assessment of the achievement of individual objectives from the WHAT, HOW and RISK categories and the respective weights assigned to these objectives, a score is determined, which is adjusted by a factor resulting, inter alia, from the assessment of the 3-year outlook proposed by the Remuneration Committee of the Supervisory Board and finally approved by the Supervisory Board.

On 27 April 2022, Santander Bank Polska introduced Incentive Programme VII by Resolution no. 30 of the Annual General Meeting. This programme is addressed to employees of the bank and to employees of the bank's subsidiaries (Santander Bank Polska Group) who make a significant contribution to the growth of the bank's value. The aim of the programme is to motivate participants to achieve business and quality objectives, in line with the Group's long-term strategy, by creating an instrument that ensures their stronger connection with the Group and encourages them to take great care of its long-term prosperity.

The programme has been introduced for a period of five years (2022 – 2026), with share buybacks and transfers to participants being implemented until 2033, due to the deferral of variable remuneration payments.

Participants in the programme are obligatorily all individuals with the status of Identified Staff members of the Santander Group. The list of other key participants will be drawn up by the Management Board Members and approved by the bank's Supervisory Board, with the participation of other employees in the Programme being voluntary.

As part of the Programme, upon fulfilment of the conditions described in the Participation Agreement and the Resolution, participants will be granted the right to receive an award constituting a variable remuneration component in the form of the bank's own shares. To this end, Santander Bank Polska will acquire up to 2,331,000 Own Shares between 1 January 2023 and 31 December 2033.

The total amount of variable remuneration granted for a calendar year to Management Board Members may not exceed 100% of the fixed remuneration granted for the calendar year. In exceptional cases, this limit may be increased to a maximum of 200% of the fixed remuneration subject to the approval of the bank's General Meeting. The decision to determine the maximum ratio of fixed remuneration components to variable components of the remuneration in the Santander Bank Polska Group was taken by the Annual General Meeting on 27 April 2022.

Variable remuneration – awarded on the basis of the bonus regulations – is paid in cash and in the form of financial instruments. The payment in the form of financial instruments may not be less than 50% of the total variable remuneration payment. Until 2022, the financial instrument in question used to be phantom shares.

Starting with the variable remuneration for 2022, the financial instrument is Santander Bank Polska shares awarded under Incentive Programme VII.

Payment of no less than 40% of each component of the variable remuneration is deferred for a period of 5 years.

In the case of the deferred portion of the variable remuneration payable in cash or in the form of a financial instrument that has not yet been paid, a malus clause may be applied if certain circumstances arise in the period prior to the entitlement to such remuneration. The circumstances in which malus clauses apply will be linked in each case to the performance or to risk-generating situations or changes in the level of risk applicable to the company, business unit or activities of the employee concerned.

In the event that a Management Board member's mandate expires due to dismissal from the Management Board or non-appointment to a new term of office, Management Board members are entitled to a one-off severance payment. The severance payment is not due in the event of an offer of further employment within the bank's structures, dismissal for reasons of gross breach of duties or standards of integrity, personal culture and professional conduct, as well as in the event of resignation from the Management Board or failure to discharge the Management Board member's duties.

The bank does not offer members of the Management Board, Supervisory Board or senior management any special retirement benefits. The bank does not have any pension or benefit obligations of a similar nature in relation to former management and supervisory personnel.

In 2022, the ratio of the remuneration of the highest-paid person at Santander Bank Polska S.A. to the median remuneration of all the organization's employees (excluding this highest-paid person) was 1 to 0.02. Putting it simply, it can be said that the remuneration of the organization's highest-paid person was about 50 times higher than the median remuneration of other employees.

For detailed information on the remuneration of the Management Board and Supervisory Board members, see Santander Bank Polska S.A.'s Corporate Governance Statement in 2022.



As of 2021, the process of achieving the goals of the Responsible Banking Strategy, including the implementation of tasks in favour of the environment and against climate change, is one of the criteria for determining the amount of bonuses awarded to members of the bank's Management Board. The progress achieved in a given year in 3 key areas including:

- ▶ promoting diversity,
- ▶ facilitating access to financial services, and financial education, and
- ▶ development of green offer.

The degree of achievement of these goals affects the calculation of variable remuneration. In addition, members of the Management Board and top executives have the implementation of the Responsible Banking Agenda written into their duties.

# ESG Governance – What matters to us

## Values and ethics

[GRI 3-3] [GRI 2-16] [GRI 2-24] [GRI 2-25] [GRI 2-26] [GPW: G-P2, G-P4]



Topic from the Materiality Matrix: **Values and ethics**

We require all our employees to act in accordance with our corporate value system. We consolidate ethical standards and develop a culture of responsible actions in accordance with the Simple, Personal, Fair values.

We have defined the ethical standards adopted by Santander Bank Polska Group and also in Santander Bank Polska S.A. in the General Code of Conduct (the Code). It defines ethical principles in detail, informs about the consequences associated with non-compliance and presents examples of behaviours desirable in specific situations. The provisions of the Code refer to, among other things:

- non-competition,
- conflict of interest,
- relationships with suppliers,
- customer relations,
- acceptance of benefits,
- anti-corruption,
- maintaining confidentiality of information,
- protection of personal data,
- marketing and sales of financial services,
- countering money laundering and terrorist financing,
- conduct in securities markets,
- accounting and financial information obligations,
- relations with public officials,
- intellectual property rights.

The compliance function is responsible for the development, implementation and application of the Code, which is supported in this regard by the human resources unit. Supervision of employee compliance with the Code is carried out by the Regulatory and Reputational Risk Committee, the Board of Directors and the Audit and Compliance Committee of the Supervisory Board.

The Code is subject to annual reviews. In 2022, changes were made to the provisions on TEAMS corporate behaviours, among others.



The document is public and can be found [on our website](#).

The bank's training in the General Code of Conduct, Anti-Corruption and Prevention of Criminal Liability Risk covering the basic standards of conduct is mandatory for all employees. It is completed by all newly hired employees.

The provisions of the Code are supplemented by the following internal documents of the bank:

- Code of Conduct in Securities Markets,
- Anti-Money Laundering Policy,
- Anti-Corruption Program,
- Conflict of Interest Policy,
- Whistleblowing Policy,
- Respect and Dignity Policy.

The General Code of Conduct and the Whistleblowing Policy describe ways to report violations of the law and corporate standards. Employees can make reports in particular by:

1. KLAISON application
2. phone:



- ethical helpline
- relational helpline<sup>7</sup>

3. email: [etyka@santander.pl](mailto:etyka@santander.pl)

4. regular mail to the address: Santander Bank Polska S.A., Pl. Wł. Andersa 5, 51-894 Poznań

Reports can be made anonymously. Whistleblowers are guaranteed thorough investigation of the reported case and confidentiality. After clarification and verification of the collected information, disciplinary or other actions may be taken against the reported persons. It is forbidden to use repressive measures against the whistleblowers and to impose any sanctions against them for reporting misconduct. We also follow good industry practices compiled in the Code of Banking Ethics, developed by the Polish Bank Association.

It is also possible to discuss incidents in the area of employee relations by contacting the relational helpline.

[Custom indicator: Number of violations and/or matters of concern for investigation reported to the ethical mailbox and helpline]



In 2022, we received **131** reports through whistleblowing channels (including the ethical mailbox, the app and the helpline).

The bank's Chief Compliance Officer is responsible for the operation of the Bank's whistleblowing procedures, and designated employees of the Compliance function are authorized to receive reports and take follow-up action. The channels in question are also used at subsidiaries (Santander Factoring Sp. z o.o., Santander Leasing S.A., Santander Towarzystwo Funduszy Inwestycyjnych S.A.).

[Custom indicator: List of key activities and initiatives implemented in the bank during the year to increase employees' knowledge of the bank's ethics and corporate culture]



In 2022, we continued our activities to encourage employees to engage in dialogue and report irregularities. These included:

- ▶ communication campaigns e.g. "Whistleblowing As a Form of Speaking Up, News from Whistleblowing Channels,
- ▶ education of employees about undesirable behaviour in the field of labour relations and how to react to it e.g. a series of articles on discrimination designed for managers, a series of meetings on bullying,
- ▶ lessons learned sessions for managers based on investigations in 2021,
- ▶ meetings of the Director of the Ethics and Relationships Office with members of the Management Board, sharing recommendations prepared on the basis of reported employee cases.

We monitor the effectiveness of these measures – starting in 2022 a survey has been addressed to a selected group of employees, where one of the topics is whistleblowing channels and their perception. Based on the results of the survey, a report on the performance of whistleblowing channels is prepared. It is the basis for the Supervisory Board's evaluation of ethical matters in the bank.

## Conflicts of interest

[GRI 2-15]

It is the duty of our employees to prioritize the interests of the bank, customers and other stakeholders, which must not be subordinated to their private interests. These matters are governed by the Policy of Preventing Conflicts of Interest at Santander Bank Polska S.A." which elaborates on the relevant provisions of the General Code of Conduct, including:

- prohibition of special treatment or offering special terms of employment due to personal or family ties,
- prohibition on deriving additional benefits from a position held in the Group, except in explicitly permissible cases,
- prohibition from participating in the approval of transactions or influencing transactions with parties associated by economic or family ties acting as beneficiaries or guarantors.

The Policy of Preventing Conflicts of Interest at Santander Bank Polska S.A. also regulates cases of conflict of interest:

- between customers,
- between the bank and its customers,
- resulting from the relationship between a subsidiary and the bank acting as the parent company,

<sup>7</sup> Relational helpline existed as a channel for reporting violations until 30 November, 2022.

- between Group entities and members of their governing bodies,
- with significant shareholders of subsidiaries,
- between the bank and its suppliers, third parties or major business partners,
- between the bank's functions and/or business units,
- between two subsidiaries,
- between members of the Bank's Supervisory Board or Management Board, or between members of these bodies and other employees (arising, among other things, from non-business relationships, kinship or affinity),
- between the bank and related parties other than the ones mentioned above.

The assessment of potential conflicts of interest involving our employees is carried out by experts from the Compliance Area. They have the right to request certain data or information on personal or professional circumstances that may affect the performance of employees' duties and their decisions.

Members of the Management Board and Supervisory Board prevent conflicts of interest firstly by avoiding professional activities that may lead to such conflicts. They also must not take part in the resolution of cases where a conflict of interest involving them has arisen or may arise, and are required to inform the bank of any such situations. Issues of possible conflicts of interest of members of the Management Board and Supervisory Board are examined before their appointment to these bodies and as part of regular follow-up suitability assessments.

In our periodic financial statements, we disclose to stakeholders information about:

- membership in management boards/ supervisory boards of other organizations,
- ownership of shares in supplier companies and other stakeholders,
- existence of majority shareholders in the company,
- related parties, relationships and transactions with them, as well as maturing receivables.

We provide information on the assessment of the suitability of members of the bank's Management Board and Supervisory Board to the Polish Financial Supervision Authority (in accordance with our policies on the suitability of members of the bank's authorities), we re-assess whether a member of the Management Board or Supervisory Board devotes sufficient time to his/her duties when the member takes on an additional executive role or begins to carry out other relevant activities, including political activities. The assessment of the suitability of Supervisory Board members is made at the General Meeting of shareholders and the documents are published on the dedicated website).

In addition, the bank fulfils its disclosure obligations related to the information about significant shareholdings in cases specified in the Public Offering Act. The topic of disclosure of conflicts of interest is also addressed in the Regulations on Investing by or for the account of Related Persons in Financial Instruments at Santander Bank Poland. Pursuant to its provisions:

"Persons acting in a managerial capacity and [...] persons closely related to them shall be obliged to report to the:

1. Polish Financial Supervision Authority (KNF), and
2. the bank

information about any transaction entered into for their account with respect to the bank's shares, the bank's debt instruments, derivatives or other related financial instruments."

## Anti-corruption

[GRI 205-2] [GRI 205-3] [GPW: G-P3]

We operate under the principle of Zero Tolerance for Corruption. Anti-corruption matters are governed by the General Code of Conduct, and further specified by the Anti-Corruption Program, which addresses such topics as:

- gifts and invitations given to public officials,
- gifts and invitations given to employees,
- relations with third parties,
- application of additional control mechanisms,
- channels for reporting violations of rules.

In 2022, we have not recorded any instances of corruption. Also, there have been no legal proceedings regarding corrupt practices against the bank or its employees.

As in the previous year, employees and Board members receive:

- communication on anti-corruption policies and procedures as part of the standard internal regulation communication process,
- access to e-learning training on issues related to the General Code of Conduct and the Anti-Corruption Program and Corporate Defense.

Anti-corruption training in numbers in 2022:	Number of employees offered training by employment category	Number of employees to whom anticorruption policies and procedures have been communicated	% of employees to whom anticorruption policies and procedures have been communicated	Number of employees who have received anticorruption training	% of employees who have received anticorruption training
Members of the bank's Management Board	9	9	100%	9	100%
Representatives of the bank's senior management	66	66	100%	65	98%
Representatives of the bank's middle management	613	613	100%	603	98%
Other employees of the bank	9,093	9,091	100%	8,911	98%
<b>Total for the bank</b>	<b>9,781</b>	<b>9,779</b>	<b>99%</b>	<b>9,588</b>	<b>97%</b>

\* Employees excluding members of the Management Board and middle management of Santander Bank Polska S.A.

\*\* Other managers of Santander Bank Polska S.A.

\*\*\* The number does not include employees on long-term absences

We do not have data on the Supervisory Board's anti-corruption training. We also do not collect data on communication of anti-corruption procedures to our business partners.

## Security of services, transactions and customer data



Topic from the Materiality Matrix: **Security of services, transactions and customer data**

[GRI 3-3] [GPW: G-51] [GRI 418-1] [Custom indicator: Number of customers using mobile and online banking] [Custom indicator: Number of interactions in remote channels]

We process significant amounts of customers' personal data and other confidential and sensitive information which is exposed to the risk of breach and to attacks by cyber criminals. Therefore, security of services is a topic that has been important to us for many years. Due to the increasing digitization of the financial sector, all our services and operations guarantee the security of personal data and other confidential information. We meet the highest national and EU standards in this area.

We have established a comprehensive cyber security system based on best practices and state-of-the-art technological solutions. Our information security management system is certified in accordance with ISO/IEC 27001:2013 and includes the supervision of information security in the business environment of Santander Bank Poland Group and the assessment of specific requirements for information security and information systems.

All IT security regulations and processes are monitored on an ongoing basis and adapted to changing conditions. As a result, we are constantly improving the security level of transaction systems and tools used by customers on a daily basis, strengthening mechanisms for protecting customer data and our own infrastructure.

[GRI 418-1]

We monitor compliance and complaints from stakeholders. In 2022, we received at Santander Bank Polska S.A. **21 legitimate complaints from third parties regarding violations of customer privacy**. We did not receive complaints from administrative bodies in this regard. No

confirmed cases of data leakage (loss) were reported to us in 2022. We have been imposed **1 penalty** under Regulation 2016/679 (GDPR). The decision is not final and we have appealed against it – see the Transparency subsection for details.

[Custom indicator: Activities implemented to ensure cyber security]

### How we took care of cyber security in 2022:

- we cooperated within the financial sector with the Polish Bank Association to share knowledge and best practices on the topic of cyber security,
- we participated in projects, events in support of cyber education (including the BAKCYL project aimed at young people) we ran an educational campaign in social media Don't Believe in Fairy Tales for Adults strengthening cyber awareness, we carried out activities aimed at customers who use the Internet less often,
- we continued to provide free CyberRescue service with an additional online protection CyberRescue experts help customers in crisis situations, such as the theft of funds from virtual wallets,
- we regularly published warnings about cyber threats in online banking, on our websites and social media profiles,
- we further educated employees responsible for ensuring cyber security,
- the Santander Foundation also implemented a grant program called "Hacks for Cyberattacks" described in detail in the section Major Grant Projects of the Foundation.

## Integrating ESG into the organization's risk management system

[GRI 3-3] [GRI 2-6] [GPW: E-P3]

[Custom indicator: Description of the bank's approach to implementing ESG regulatory requirements into its business strategy]

[TCFD: STRATEGY: Describe climate risks and opportunities in the short, medium and long term.

[TCFD: RISK MANAGEMENT: Describe the processes for identifying and assessing climate risks.

Describe the processes for managing climate-related risks.

Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the company's overall risk management.]



Topic from the Materiality Matrix: **Integrating ESG into the organization's risk management system**

The bank has a risk management system developed and implemented by the Management Board, covering the bank's functions and organizational units. It is based on three independent and complementary levels (lines of defence). The risk management system functioning in the bank in particular:

- takes into account the nature of the bank's risk exposure;
- covers all relevant risks (environmental, social and governance risks), including their adequacy and effectiveness and the interdependencies of the various types of risk;
- enables the bank to make effective decisions regarding the implementation of the bank's management strategy.

As part of this system, we define and address risks related to social and environmental issues, including climate. We are aware of the growing importance of the approach based on integrating climate risks into the basic processes of enterprise risk management, as recommended by the European Central Bank, the United Nations Principles for Responsible Investment and the TCFD guidelines, among others. The same approach is taken by the Banco Santander Group. Currently at the Bank, environmental risks are reported internally on an ad-hoc basis, according to current business needs.

The bank's key bodies are involved in managing and overseeing sustainability topics (see Role of the Management Board and Supervisory Board). We also put in place a system of sustainability incentives for Management Board and Supervisory Board members (see Remuneration Policies for Management Board and Supervisory Board Members). We take into account various socio-environmental risks in the course of decision-making in the Corporate and Investment Banking (SCIB) segment. In the Risk Management Division, we have established a special position of Environmental & Social Risk Manager (ESRM). His tasks include:

- individually assessing various social and environmental risks,

- making recommendations (positive/ conditionally positive/negative) regarding clients or transactions in the SCIB (Corporate and Investment Banking) segment. Credit partners are required to verify that a socio-environmental risk analysis has been conducted and that the required ESRM recommendation is included in the credit application.

## Managing social, environmental and climate change risks in sensitive sectors

The need to integrate ESG factors in decision-making is outlined in the Sustainability Policy. The Social, Environmental and Climate Change Risk Management Policy regulates this matter in more detail. It defines the criteria for identifying, assessing, monitoring and managing social-environmental risks, and details our standards for investing in and working with clients operating in industries which have an impact on climate change, such as:

- oil and gas extraction, production and processing,
- energy production and transmission,
- mining,
- metals, including ore processing for metal extraction,
- soft commodities.

In the Social, Environmental and Climate Change Risk Management Policy, we identify areas of business that we will not support with our financial services and products. These include projects located in areas protected by the Ramsar Convention, UNESCO World Heritage sites, projects located within the northern Arctic Circle, and the mining, processing and marketing of asbestos.

In 2022, we made the following amendments to our Social, Environmental and Climate Change Risk Management Policy:

- we added a statement outlining our roadmap for achieving carbon neutrality by 2050,
- we supplemented the information on the exclusion related to Ramsar and World Heritage areas, the scope of coal power and infrastructure associated with coal mining, and the exceptional treatment of new customers with coal-fired power plants or coal mines,
- we added exclusions related to new clients and direct financing of greenfield projects – oil upstream clients (oil exploration and production),

As of 2021, the Environmental and Social Risk Analysis Procedure for business and corporate banking customers has been in effect at our bank. It is based on a special algorithm that allows the initial selection of environmental and social risks. Clients therefore receive information on their risk level in the form of "environmental flags." We have put in place four types of flags: – "For verification," "Positively verified," "Elevated risk," and "Prohibited activity."

We also take ESG criteria into account when making investment decisions. Santander Bank Polska S.A. – with particular emphasis on Santander TFI – strictly adheres to the Policy for Responsible and Sustainable Investment and the Policy. Santander TFI also has Policies for Engagement in Listed Companies and Application of Corporate Governance Measures. We are convinced that integrating environmental, social and governance aspects into investments allows us to improve risk management and create added value – both for clients and society as a whole. By considering both financial and non-financial factors, we can get a more complete picture of the assets we manage and make more balanced investment decisions. We can also influence counterparties in this way through specific transmission channels, for example, reducing the risk of insolvency

Investments in assets are preceded by a detailed assessment according to ESG criteria, which is used to identify issuers that are well prepared for future challenges – those with policies and management systems that can have a significant positive impact on society and the environment. The ESG assessment includes, among other things:

- proprietary methodology for assessing issuers' attitudes toward environmental and social factors. We use information provided by external data providers for this purpose. The methodology is based on market reference data and international guidelines and standards. Its result is an assessment of individual issuers.
- exclusions based on the nature of the issuers' operations

The basis for evaluating companies in terms of ESG is the concept of dual materiality. We take into account the impact of ESG criteria on investments, as well as the impact of investments on sustainability factors. The assessment includes general analysis criteria – common to all sectors – and specific criteria depending on the sector and type of business. We expect issuers to prepare and submit ESG reports. We also disclose our information in this regard.

## Examples of ESG criteria we consider in our investment analysis:

**Environmental criteria:**

- ▶ environmental strategy and management,
- ▶ climate change,
- ▶ natural resources,
- ▶ pollution prevention and control,
- ▶ natural habitats.

**Social criteria:**

- ▶ human capital,
- ▶ local community,
- ▶ social products and services,
- ▶ human rights.

**Management criteria:**

- ▶ corporate governance,
- ▶ business ethics.

We invest in the clients we work with. We want to understand issuers' business models and the risks and opportunities associated with them. In doing so, we leverage our commitment and promote a responsible approach to environmental, social and governance issues.



As of July 2020, we are a signatory to the United Nations Principles for Responsible Investment (UNPRI) initiative the aim of which is to promote responsible investment.

Climate risk management is part of the bank's overall risk management process. In accordance with TCFD's recommendations, the results of the analysis of physical and transformational climate risks were included in the bank's typical risk taxonomy used. The results of the analysis are shown in the table below. In 2022, we added supply chain risks to the list.

Impact of physical risk	Impact of transformational risk	Approach to risk management
<b>Credit risk</b>		
<ul style="list-style-type: none"> <li>→ Climate risk can negatively affect borrowers and reduce their ability to service their debt, especially in the agri sector, where physical risks can impair crop income.</li> <li>→ More frequent and intense weather emergencies and natural disasters can further reduce the value of loan collateral.</li> </ul>	<ul style="list-style-type: none"> <li>→ EU or national regulations may reduce the debt service capacity of business borrowers operating in certain sectors, primarily in carbon-intensive industries, such as:               <ul style="list-style-type: none"> <li>→ energy,</li> <li>→ oil &amp; gas sector,</li> <li>→ transportation and logistics,</li> <li>→ agri sector.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>→ Activities currently underway in the area of risk management include assessing the vulnerability of oil companies to transformational risks. In accordance with the internal division of companies into 4 risk categories, we have defined levels of financial exposure (exposure limits) depending on the rating assigned. CO2 prices are also part of the assessment. In addition, we apply expert adjustment elements for significant amounts of financing at the global level.</li> <li>→ We also monitor the effects of regulatory changes and technological advances in the automotive sector – companies that do not fit the profile we have defined may be refused financing.</li> <li>→ In the future, we plan to significantly increase the frequency of risk assessment in this area and work on model solutions.</li> <li>→ At the same time, we are considering the introduction of a systemic solution for assessing the impact of CO2 prices on the financial capacity of companies (especially in carbon-intensive sectors). Stress tests on energy prices will also be an important component.</li> </ul>

Impact of physical risk	Impact of transformational risk	Approach to risk management
<b>Market risk</b>		
→ Risk of losses resulting from changes in the value of the bank's assets and liabilities caused by natural disasters or sudden weather events.	→ An increase in the cost of CO <sub>2</sub> emissions may drive up costs for some companies (especially in carbon-intensive sectors such as energy and fuel). This could lead to a reduction in revenue for these companies and, consequently, a decrease in their investment capacity, which in turn could reduce the number of new loan applications.  → Regulatory pressures may indirectly affect the financial market by limiting investment in selected customer groups.	→ We monitor regulatory changes and take a number of measures to support customers, such as launching financing for low-carbon solutions that lead to the mitigation of this risk
<b>Liquidity risk</b>		
→ Climate change, including natural disasters and sudden weather events, can cause a sudden increase in demand for cash.	→ No significant impact of transformational risk identified	→ We have adequate provisions and procedures in accordance with European and national regulations.
<b>Operational risk</b>		
→ Sudden weather events may affect the conduct of business at bank branches (e.g., flooding, lack of power supply).	→ Increased energy costs may additionally burden the bank (e.g., higher cost of rent).	→ In 2022, 85% of the bank's purchased electricity came from RES. → 61% of our branches use energy-efficient lighting.
<b>Risk of models</b>		
→ Business models may underestimate the value of losses caused by sudden weather events, which are increasing in strength and frequency.	→ Business models may underestimate the impact of regulation and market changes due to climate change, especially in the context of supply chain analysis.	→ We monitor the impact of weather events on the amount of losses and analyse the impact of regulations on all elements of the supply chain.  → With the support of an external consultant, we conducted climate risk identification and analysis in the sectors which are most important to us under two climate scenarios and three time perspectives. The results presented in this report will help improve the calibration of models and enhance management in specific areas.

Impact of physical risk	Impact of transformational risk	Approach to risk management
<b>Business risk</b>		
→ No significant impact of physical risk has been identified	<p>→ In the short term perspective, there is an increase in costs associated with the transition to a low-carbon economy. Some of these costs are being passed on to consumers, which may reduce their willingness and/or ability to take out consumer loans (e.g., to buy new cars)</p> <p>→ Regulation and changes in customer decisions can create new opportunities to offer products or services. Failure to take appropriate action could lead to an exodus of customers to competitors.</p>	→ We analyse the market situation and the actions of competitors on an ongoing basis, launch new products and engage in dialogue with customers.
<b>Reputational risk</b>		
→ No significant impact of physical risk has been identified	→ Continued financing of sectors negatively perceived by regulators, the market and rating agencies (this is mainly about carbon-intensive sectors) may negatively affect the bank's rating.	<p>→ We pay particular attention to transparent communication of sector policies.</p> <p>→ We apply the Santander Group's global reputation risk management policies in our region.</p> <p>→ We strive to engage clients in addressing climate change and environmental conditions with respect to the fuel, energy, soft commodities sectors. We conduct appropriate reputational analysis and review clients' climate strategies.</p>
<b>Compliance risk</b>		
→ No significant impact of physical risk has been identified	<p>→ Regulatory pressures are likely to intensify, which may increase in-house and/or consulting costs as a result of meeting the obligation to comply with new regulations.</p> <p>→ In the event of failure to comply with new regulations, there may be a risk of fines by market regulators.</p>	<p>→ We are constantly reviewing the regulations affecting our bank and are fully compliant with the requirements set by EU and national regulators.</p> <p>→ As part of the global Santander Group, we are part of the Net Zero Banking Alliance.</p>
<b>Supply chain risk</b>		
→ Sudden weather events can disrupt supply chains	→ Regulatory pressures and increases in environmental fees could disrupt some suppliers' operations and disrupt continuity of supply.	→ We monitor the supply chain and have implemented regulations for its management. For more information, see Sustainable Supply Chain subsection.



## Climate risks

[Custom indicator: Description of policies, procedures and results of climate risk exposure testing]

In 2022, we assessed the sensitivity of the sectors in our portfolio to climate risk. We performed the analysis in three time perspectives – short, medium and long. We assessed physical and transformational risk on a scale of 1 to 5 (where 1 is the lowest level of risk and 5 is the highest). The table below presents the results of this analysis, along with a presentation of the materiality of each sector in the bank's portfolio. Our assessment of the sectors has not changed between the date of the analysis and the date of publication of this report, so the results are consistent with the 2021 ESG report.



For more information about the evaluation methodology please review the [Methodology Annex to our 2021 TCFD report](#).



Sector exposed to risk	2025		2030				2050				Current sector share in the category		
	Scenario												
	2°C				4°C		2°C		4°C		SCIB*	Corpo- rates*	SME*
	RF	RT	RF	RT	RF	RT	RF	RT	RF	RT			
Oil & gas sector	1	4	2	5	2	5	+	-	+	-	3.70%	0.56%	0.03%
Energy sector	2	5	3	5	3	5	+	-	+	-	24.12%	0.58%	0.24%
Energy production from renewable sources	2	3	2	4	2	4	+	-	+	-	6.00%	0%	0%
Metals and mining sector	2	3	2	4	2	4	+	+	+	+	12.38%	1.59%	0.42%
Soft commodities sector	3	2	4	3	4	3	+	-	+	-	0.00%	0.05%	0.60%
Automotive sector	2	3	2	3	2	3	+	+	+	-	1.59%	2.96%	0.26%
Real estate sector	2	2	2	3	2	2	-	+	+	-	9.08%	32.59%	15.73%
Materials and chemicals	2	2	3	3	3	3	+	+	+	+	4.19%	6.77%	3.99%
Packaging manufacture	2	2	2	3	2	2	-	+	-	+	0.00%	2.12%	0.74%
Furniture industry	2	2	2	2	2	2	-	-	+	+	0.15%	1.85%	1.51%
Food industry	2	2	3	3	3	3	+	+	+	+	3.80%	9.39%	1.92%
Agri sector	3	3	4	3	4	3	+	+	+	+	0.19%	1.22%	26.45%
Public sector	2	2	2	3	2	2	+	+	+	+	0.00%	3.34%	0.01%
Transport and logistics	2	2	3	3	3	3	+	+	+	+	0.02%	7.82%	15.50%
Cosmetics sector	2	2	2	2	2	2	+	+	+	+	0.26%	0.21%	0.04%
E-commerce	2	2	2	2	2	2	-	+	-	+	0.00%	0.37%	1.67%
Trade	2	2	2	3	2	2	+	+	+	+	24.62%	21.26%	26.58%
Tourism	2	2	2	3	2	2	+	+	+	+	1.42%	4.39%	1.95%
Waste management	2	2	2	3	2	2	-	+	-	+	0.20%	0.97%	0.67%
Financial sector	2	2	2	3	2	3	+	+	+	+	8.27%	1.95%	1.69%
TOTAL											100%	100%	100%

\* Portfolio structure at the end of 2022

\*SCIB – Santander Corporate & Investment Banking

\*Corporates – Business and Corporate Banking

\*SME – Small and Medium Size Enterprises

We have updated the method for calculating exposure to sectors – compared to our previous TCFD report we have expanded the scope of credit exposure calculation, especially from SCIB perspective. For the first time, we have included renewable energy generation as a separate sector. The increase within the energy portfolio is attributable precisely to the higher exposure to renewables. In addition, movements in the levels of exposure to individual sectors are due to fluctuations and changes occurring in our portfolio.

In the medium term, we expect physical risk to increase for sectors currently assessed as low-risk or very low risk. In the short term, the agri and soft commodities sectors are most exposed (to a medium degree). Looking ahead to 2030, we also expect an increase in risk in the energy sector from a rating of 2 (low risk) to 3 (medium risk), due to an increase in the likelihood of prolonged drought, reduced energy production and intensification of extreme weather events.

One of these sectors, the energy sector, has a major share in our Corporate and Investment Banking (SCIB) portfolio, namely 24.12%.

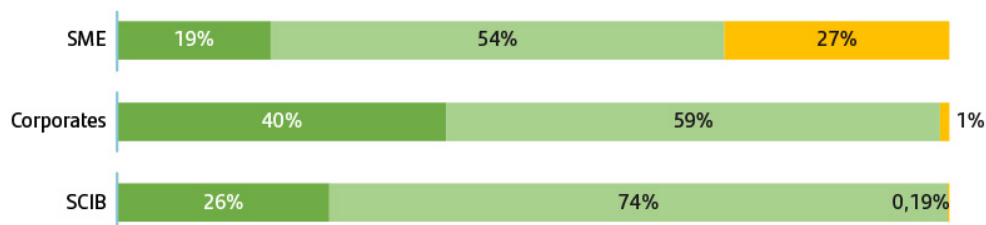
As in the previous reporting period, we assume that transformational risk (especially regulatory risk) will increase significantly, in the medium to long term, in the 2°C scenario, due to the expected tightening of green transition regulations. Such an increase can be expected in the food industry, transportation and logistics, trade, tourism, agri and financial sectors, among others. For our bank, the trade sector is particularly important, as it accounts for 24.6% of the SCIB portfolio, 21.26% of the Business and Corporate Banking (BCB) portfolio and 26.58% of the SME portfolio. We assume that in the delayed mitigation scenario (4°C), climate policies will be tightened more slowly due to less effective cooperation of the international community. Therefore, as in the previous report, we have assumed that transformational risks in sectors such as automotive and finance will increase in the 2°C scenario, while remaining unchanged in the 4°C scenario.

## Exposure to risk

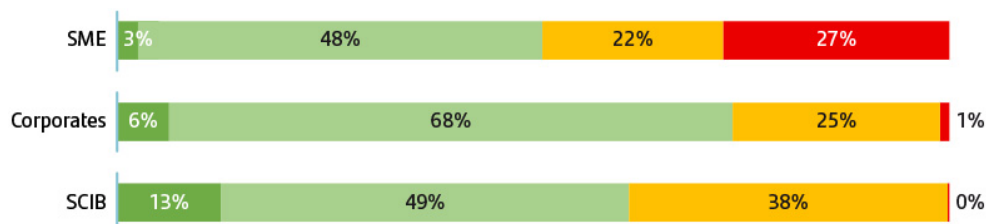
We have calculated our climate risk exposure to answer the question what part of our portfolio in a given segment (Corporate and Investment Banking – SCIB, Business and Corporate Banking – Corporates, Small and Medium Size Enterprises – SME) will be accounted for the sectors from particular risk categories. The charts below show the growth in physical risk exposure assuming the same portfolio structure (at the end of 2022):

### Physical risks

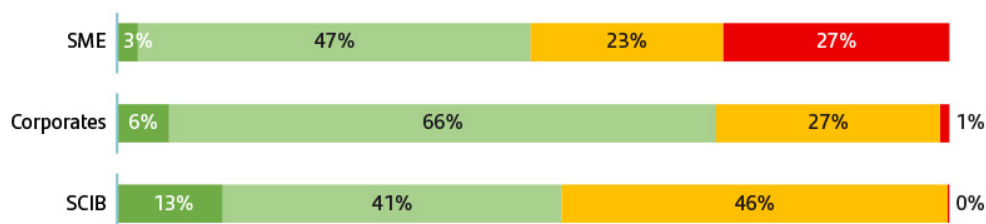
2025  
– physical risks



2030  
(2°C scenario)  
– physical risks



2030  
(4°C scenario)  
– physical risks

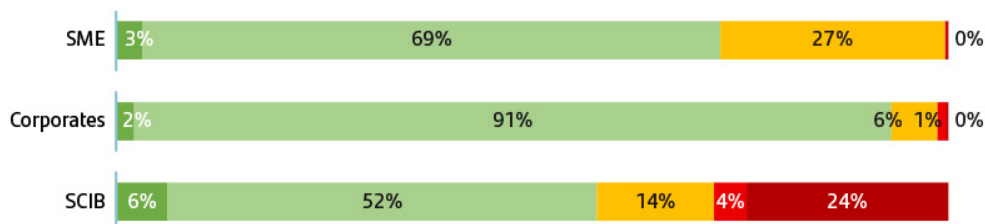


In the short term, all areas will be predominated by sectors rated as exposed to "very low risk" and "low risk" (e.g. in the SCIB area, these two categories account for almost 100%). In the medium term, we expect an increase in exposure in the 2°C scenario, mainly due to a rise in physical risk ratings in the energy, RES, food, transportation, logistics, materials and chemicals sectors. On the other hand, in the 4°C scenario, the increase in exposure in the medium term will be related to a rise in the rating of the financial sector.

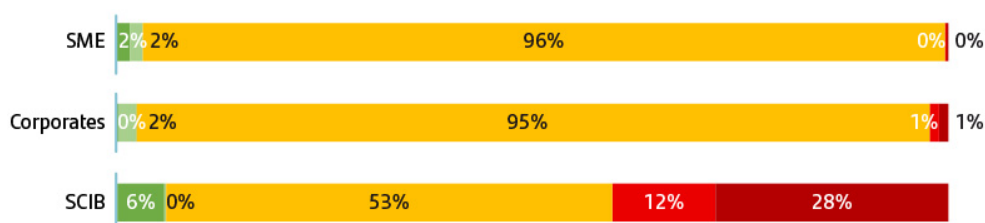
### Transformation risk:

We then conducted a similar analysis for transformation risk. The charts below show the increase in transformation risk exposure also assuming the same portfolio structure (at the end of 2022):

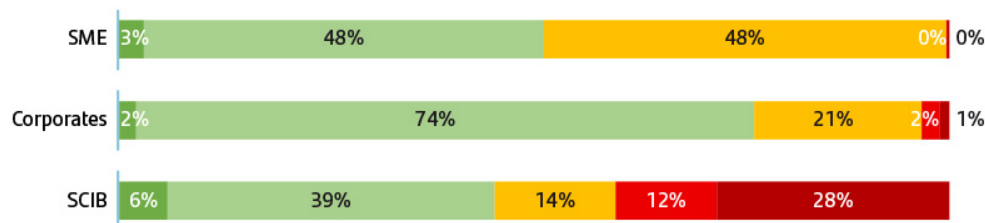
#### 2025 – Transformation risk



#### 2030 – transformation risk (2°C scenario)



#### 2030 – transformation risk (4°C scenario)



The increase in exposure in the medium term in the 2°C scenario is driven by a rating upgrade in most of the sectors analysed. While only 24% of the Corporate and Investment Banking portfolio received a rating of 5 (very high risk) in the 2025 outlook, in the medium term it is already 28% (in both scenarios). Therefore, this means a significant increase in risk in this category.

In the Business and Corporate Banking portfolio, the real estate, transport and logistics, trade, commodities and chemicals account for a significant share (above 5%). At the same time, these are the sectors in which transformation risk is increasing in the medium term in the 2°C scenario from a rating of 2 (low risk) to 3 (medium risk).

In the SME portfolio, the agri sector exposed to high transformation risk prevails. In addition, a significant share goes to the trade, real estate and transport and logistics sectors which are rated 3 in the 2030 outlook, in the 2°C scenario. Hence, as much as 96% of the SME segment is marked as "medium risk." In the 4°C scenario, regulatory risk is expected to grow at a slower rate, so the rating relative to the 2°C scenario remains lower. This is especially true for the real estate, food, trade and tourism sectors, all of which are rated 2.

## Climate opportunities

We are aware that many of the investments required for the transition to a low-carbon economy present new opportunities for us to offer support to current and future customers with appropriate financing mechanisms. We want to develop new products and services, including advisory services to customers, while building a brand of a trusted partner.

Opportunity	Relevant sector/ Area	Short term 1-3 years	Medium term 2025-2030	Long term 2030 +
Development of the RES market creating opportunities for investment in projects and companies related to this sector	Energy sector /cross-sector	X	X	X
Opportunities for participation in projects and cooperation with companies engaged in the development and modernization of pumped-storage power plants	Energy sector	X	X	
Opportunities for financing decarbonization projects for the bank's existing clients	Cross-sector	X	X	
Opportunities for financing projects promoting electric or low-emission cars	Transport / Automotive	X	X	
Financing low-carbon transportation solutions, especially in the public sector	Transport / Automotive	X	X	
Development of advisory services for the selection of low-carbon solutions for the agri sector and development of financial services in this area	Agri sector	X	X	

## Meeting ESG regulatory requirements

[GRI 3-3] [GRI 2-27]

[Custom indicator: A description of the bank's approach to implementing the requirements of ESG regulations into its business strategy]



Topic from the Materiality Matrix: **Meeting ESG regulatory requirements**

We are following and analysing new ESG regulations, including the Taxonomy Regulation, the new CSRD, and the EBA's guidelines for ESG risk management in credit institutions. The bank has an effective system of internal control, risk management and compliance supervision, as well as an effective internal audit function, appropriate to the size of the bank and the type and scale of its operations. Their effectiveness is monitored and evaluated by the Supervisory Board with the participation of the Audit and Compliance Committee. Our internal control system<sup>8</sup> helps us ensure that we operate in compliance with laws, internal regulations and market standards. The solutions we have implemented allow us to improve the process of collecting ESG data and preparing reports. At present, there are limitations on the availability of certain counterparty data regarding, for example, compliance of their operations with taxonomy or exposure to environmental risks. The bank monitors data availability on an ongoing basis and seeks to obtain additional information from its counterparties. A project is underway at the bank to collect environmental risk data to the fullest extent possible. An analytical database dedicated to the collection of ESG-related data is currently being built, which will serve as a unified source of data at the bank for all business lines and risks. These two solutions, combined with the acquisition of external and counterparty data, will serve to build the most accurate ESG data repository to the extent possible.

<sup>8</sup> To find out more about our internal control system, go to: <https://www.santander.pl/relacje-inwestorskie/dokumenty-korporacyjne#dokument=7>

## Organisational and business resilience

[GRI 3-3]

Topic from the Materiality Matrix: **Organisational and business resilience**

We make sure that the bank retains the ability to respond appropriately to significant crisis events, such as the pandemic. Our internal regulations and procedures help us deal effectively with such situations. The risk management system, the three lines of defence, the method of identifying and managing risks, and the implementation of EU regulations combined with the building of an ESG management system serve this purpose. In order to make the bank more resilient to cross-cutting risks, we have analysed climate risk (in the Climate Risk subsection).

## Human rights policy

[GRI 2-23] [GRI 2-24] [GPW: S-P5, S-P6]

We are seeing a growing role of human rights due diligence processes. They lie at the heart of both softly recommended acts (the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Transnational Enterprises) and mandatory regulations that reference these guidelines (the minimum safeguards from the EU Taxonomy Regulation or the new EU Directive on Corporate Sustainability Reporting).

The approach of our bank is determined by the Human Rights Policy of the Santander Bank Polska Group where we describe our commitments in the area of human rights in relations with employees, customers, business partners and the communities in which we operate.

In our own operations, we are committed to preventing discrimination in the workplace and ensuring decent employment conditions, among other things.

In the supply chain, as part of our due diligence processes prior to entering into loan agreements or other types of contracts, we have committed to analysing and evaluating our counterparties' policies and practices regarding respect for human rights.

In respect of business partners who are not suppliers, we have committed to promoting adherence to the Human Rights Policy, particularly where it is appropriate due to their background, type of business or importance to the bank.

In relation to communities in which we operate, the bank is committed to minimizing the impact of its activities on the environment and contributing to combating corruption.

This policy is owned by the Management Board of Santander Bank Polska S.A. and our employees are required to report its violations through available communication channels.

# Sustainable supply chain

[GRI 308-1] [GRI 414-1] [[2-6][2-23][2-24]

Supply chain management in our bank is regulated in:

- Purchasing Policy of Santander Bank Polska S.A.,
- Supplier Selection Procedure of Santander Bank Polska S.A.,
- Policy of Cooperation with Suppliers and Outsourcing in Santander Bank Polska S.A.,
- Procedure for supplier management and outsourcing in Santander Bank Polska S.A.

Supplier relations are also addressed in the Human Rights Policy (more information in the Human Rights Policy subsection above) and the Sustainability Policy.



In its relations with suppliers, the bank takes into account their adherence to ethical issues regarding compliance with the principles of fair and equitable treatment, transparency and integrity. Suppliers are expected to implement ethics policies and comply with, at a minimum, laws, anti-corruption measures and initiatives to ensure business integrity, health and safety standards, workplace diversity and inclusiveness, and adhere to the UN Universal Declaration of Human Rights and the principles of the UN Global Compact.

When qualifying suppliers for cooperation, we verify:

- whether they diversify their revenues and do not become overdependent on the bank;
- certifications held e.g. environmental, labour relations;
- application of ESG principles, codes of ethics, anti-corruption procedures and programs and reports published;
- ethical approach to finances – payment of contributions and taxes for employees and possible overdue debt to counterparties are controlled.

Our bidders are required to complete the CSR survey described in the previous ESG Report. The results of the survey may be decisive in the selection of a bid.

We evaluate the environmental performance of bidders in a system used for, among other things, purchasing processes. Part of the purchasing process is a CSR survey that a bidder must (obligatorily) complete in order to be eligible for bidding. The questionnaire addresses the following topics:

 <b>Environment</b>	→ During the last financial year, did the company take measures to reduce the consumption of resources and materials?
	→ During the last financial year, was the company subject to fine(s) for non-compliance with environmental regulations?
 <b>Society</b>	→ Which community cooperation actions/projects has your company been involved in?
	→ Did you make a donation for social purposes (e.g., to NGOs) in the last two calendar years?

In 2022, we continued to work on the replacement of the CSR survey with an ESG survey, as announced in the previous report, in response to the current expectations of suppliers. We plan to complete the project in 2023.

## Key indicators reflecting the performance of the purchasing processes in 2022:

Number of suppliers with an annual turnover of more than PLN 50,000.	1,595
of which the number of suppliers subject to qualification	1,038
Percentage of suppliers – Polish or foreign companies with headquarters or branch registered in Poland	89.6%
Number of completed purchasing processes	520
Percentage of new suppliers that have been reviewed for environmental criteria	100%
Percentage of new suppliers who have been reviewed for social criteria	100%

# E – Environmental

## Environmental and climate strategies and policies

[GRI 2-23] [GRI 2-24]

[TCFD – STRATEGY: Describe the impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning. Describe the resilience of the organisation's strategy taking into account different climate-related scenarios, including a 2°C or lower scenario].

### Responsible Banking Strategy

In pursuing our strategic Green Bank commitment, we prioritise environmental protection in both our external and internal operations. By implementing the Responsible Banking Strategy, we are developing green financial products and solutions, supporting the process of transforming the economy into a low- and zero-carbon one, and aligning our activities with international environmental requirements. Our key environmental documents:

- Responsible Banking Strategy,
- Sustainability Policy,
- Global Net Zero Strategy,
- Sectoral policies,
- Social, Environmental and Climate Change Risk Management Policy.

In shaping the bank's impact on the environment, we act in accordance with the precautionary principle. We describe the approach we take in our Sustainability Policy, which includes our actions and commitments in this regard.

<p>Internal actions</p>	<p>Promoting environmental protection based on international regulatory standards, a continuous improvement system – we are in the process of preparing for environmental ISO certification.</p>	<p>Setting systematic performance improvement indicators for managing environmental issues and decarbonisation targets for the areas of our own operations generating most pollution.</p>	<p>Measuring and monitoring consumption of natural resources, emissions and generation of waste at most of the bank's locations.</p>
<p>Actions taken towards external stakeholders</p>	<p>Restricting funding for activities that may have a direct environmental and social impact and cause long-term effects related to climate change.</p>	<p>Encouraging suppliers to adopt environmental commitments and transition to a low-carbon economy.</p>	

### Net Zero Strategy

Combating the effects of climate change is the overarching goal of green banking, which is the core of our Responsible Banking Strategy. We are operating in line with the Global Net Zero Strategy, with the entire Banco Santander Group aiming to achieve net zero emissions

by 2050. We recognise that this target comes with many challenges and significant uncertainties regarding future climate change and the global macroeconomic and geopolitical situation. Rising energy prices and Russia's invasion of Ukraine are just some of the factors causing uncertainty as to whether decarbonisation – both at Santander Group level and in Poland – will be a successful undertaking. As a result, in developing our plans, we rely, among other things, on the results of scenario analyses, taking into account both a 2°C and a 4°C increase in global temperatures (see the Climate Risks subsection in the Governance chapter).

## The Climate Strategy of Santander Group is based on four pillars

The Group-wide ambition is to achieve net-zero emissions by 205



### Aligning our portfolio to meet the Paris agreement goal

Aligning the portfolio to ensure the projected carbon emissions are in line with the target of limiting temperature increase to 1.5°C in accordance with the NZBA and the NZAMI.



### Supporting our customers in the green transition

Helping customers in their transition to low carbon economy by offering guidance, advice and investment and business solutions.



### Reducing our environmental footprint

Becoming carbon neutral and using electricity from renewable sources by 2025 to reduce our impact on the environment.



### Integrating climate in risk management

Complying with regulators/supervisory expectations and integrating climate aspects in risk management.

In line with the Net Zero strategy, as of 2030 at the latest, we intend to cease financing power companies whose revenues from coal-fired generation exceeds 10%. By 2030, we also want to end our lending services to thermal coal producers. Above all, we want to support customers in their green transition and provide comprehensive financing for renewable energy sources, as well as support the development of green financial products. We want to achieve the medium- and long-term goals of the Global Net Zero Strategy based on short-term decarbonisation indicators. This will be achieved by reducing the bank's internal emissions (related, among other things, to electricity consumption and business travel) as well as emissions attributable to the financial services provided – loans, advisory services or investment services offered to customers from all segments.

The exchange of international good practices is also expected to contribute to the achievement of decarbonisation targets. The Santander Group is a founding member of the Net Zero Banking Alliance, a United Nations initiative led by the banking sector, which guides the way forward for qualitative analysis of our investment portfolio. However, for the full operationalisation of our strategy we need to develop detailed transition plans that include the identification of ways to work on decarbonising the portfolio.

## Sector policies

Our Sustainability Policy is complemented by the Social, Environmental and Climate Change Risk Management Policy which sets out criteria for environmental and social risk analysis for clients operating in the following sectors: oil and gas, energy, mining and metals and soft commodities. The criteria apply to customers in all segments (Corporate and Investment Banking, Business and Corporate Banking, Small and Medium Enterprises) and are binding for the entire Santander Bank Polska Group in relation to financing, advisory services, capital management, asset management and insurance. The Social, Environmental and Climate Change Risk Management Policy also identifies the types of activities in the aforementioned sectors subject to prohibitions or restrictions. These include:

- oil and gas sector activities in sensitive geographical regions (e.g. north of the Arctic Circle),
- sourcing and processing of indigenous wood species or palm oil without proper certification,
- activities carried out in or affecting areas on the UN List of Protected Areas,
- activities that adversely affect endangered animal and plant species.



# Environmental protection – what matters to us

## Aligning the portfolio to the Net Zero 2050 targets

[GRI 3-3] [GRI 2-23]



Topic from the Materiality Matrix: **Aligning the portfolio to the Net Zero 2050 targets**

The Net Zero 2050 strategy provides for the implementation of appropriate measures to align our portfolio with the objectives of the Paris Agreement and the European Union's policies, which point to a major role for the financial sector in combating climate change. The Net Zero targets and net zero emissions in 2050 apply to the entire value chain of the Santander Bank Polska Group.

The promotion of financing for green solutions included in the Net Zero 2050 Strategy also fits in with the TCFD recommendations. In addition, our activities in this area are guided by important international and EU initiatives on promoting sustainable transformation, including, among others:

- UN Sustainable Development Goals,
- EU Taxonomy Regulation,
- Sustainable Finance Disclosure Regulation (SFCS),
- the new Corporate Sustainability Reporting Directive,
- UNEP Finance Principles for Responsible Banking,
- international Equator Principles initiative,
- aspects relevant to the industry as listed by ESG ratings – e.g. S&P ESG Scores and MSCI ESG.

More information about aligning our investment portfolio with Net Zero objectives can be found in the sections *Integrating ESG into the organisation's risk management system and Green finance*.

## Green finance

[GRI 3-3] [GRI 2-6]

Custom indicator: Main pro-environmental products and services offered to customers, including offerings that influence climate change solutions



Topic from the Materiality Matrix: **Green finance**

In line with the strategic commitment expressed by the Green Bank topic from the Materiality Matrix, we integrate environmental factors into the products and services we offer and ESG criteria into our credit analysis. We offer sustainable financial products.

Our sustainable finance services are provided to a diverse range of customers, including those in the industries with the greatest impact on climate, namely energy, fuel and industry. The increase in customer awareness observed in recent years has been accompanied by a growing interest in this type of financing in other sectors.

Below are the documents on green finance in Santander Bank Polska S.A.:

- Responsible Banking Strategy,
- Sustainability Policy,
- Social, Environmental and Climate Change Risk Management Policy,
- Financing policies for sensitive sectors,
- Policy for Engagement in Listed Companies and Application of Corporate Governance Measures" (Santander TFI S.A.).
- Global Net Zero Strategy,

- Global Framework Policy for Sustainable Bonds,
- Green Bond Framework Policy.

As part of green financing we offer:

- loans for sustainable investments, including RES,
- loans linked to the Sustainable Development Goals,
- green bonds and sustainability bonds,
- sustainability-linked bonds,
- advice on sustainable funding opportunities,
- financial advice in the area of ESG,
- SolarLease financing for photovoltaic installations
- leasing of electric vehicles
- leasing of zero-emission heat sources, energy storage and electric vehicle charging stations.

The Santander Bank Polska Group has a Global Sustainable Bond Framework Policy and a Green Bond Framework Policy, which set out our commitment that green bond proceeds will be used for renewable energy projects (solar and wind).

In 2022, for selected customer segments (largest customers, mortgage and leasing customers), Santander Bank Polska S.A. implemented the Sustainable Finance Classification System, which defines the technical criteria that green and general-purpose finance must meet in order to be called green or socially sustainable. This system is based on internationally recognised industry guidelines and principles, such as the ICMA Social and Green Bond Principles, the Climate Bond Standards and the EU Taxonomy. The bank targets green financing in line with the Classification System. In 2022, we provided green financing of EUR 566.4 million, thus meeting our EUR 400 million responsible banking target.



## Our dedicated products:



**A cash loan** that makes it possible to finance customers' green needs. The reimbursement of the fee for the purchase of green products encourages borrowers to, among other things, modernise heat sources, replace lighting, build domestic water treatment plants or install equipment using biomass. With this loan, it is also possible to finance the purchase of energy-efficient household appliances as well as electric cars and bicycles.



**Simplified application rules for photovoltaic financing** offered by **Santander Leasing**. The financing period can be up to 10 years with the transaction secured by a BGK guarantee. In 2022, we also launched electric vehicle leasing financing from the government's 'My Electric Vehicle' programme.



**Payment cards** that consist of 85% recycled plastic. By using recycled material in their production, the carbon footprint was reduced by up to 75%.

→ In Q1 2022, we issued the first card made of biodegradable plastic.

According to the Santander Group's plan, by 2025 all debit, credit and pre-paid cards in Poland, Portugal, Spain and the UK will be produced from sustainable materials, such as recycled PVC or corn-based materials.

## Environmental impact of operations

By implementing the Sustainability Policy and the Global Net Zero Strategy, we reduce greenhouse gas emissions from internal activities (electricity consumption, business travel or fleet operations). From 2020 onwards, the bank is neutral in terms of internal CO2 emissions. The energy we purchase directly comes exclusively from renewable sources. Our emissions are offset through the purchase of carbon credits. The purchase of carbon credits is carried out by the Santander Group for all subsidiaries (we did not purchase carbon credits in 2022 due to the surplus from 2021).

## Greenhouse gas emissions

[TCFD – MEASURES AND TARGETS: Disclose the indicators used by the organisation to assess climate-related risks and opportunities in line with the risk management strategy and process. Disclose the extent of greenhouse gas emissions and the associated risks. Describe the measures and targets used by the organisation to manage climate-related risks and opportunities and performance against targets].

[GRI 305-1] [GRI 305-2] [GRI 305-3]

[GPW: E-P1]

Emissions	tCO <sub>2</sub> e
Scope 1 <sup>1</sup>	5,264.9
Scope 2 (location-based) <sup>2</sup>	26,348.7
Scope 2 (market -based) <sup>2</sup>	14,234.9
Scope 3 (business travel) <sup>3</sup>	870.1
<b>Total Scope 1+2 (location-based)<sup>2</sup></b>	<b>31,613.6</b>
<b>Total Scope 1+2 (market -based)<sup>2</sup></b>	<b>19,499.8</b>

\* Only location-based data from DEFRA was used

1. Scope 1 is defined as direct GHG emissions that are controlled by the bank

2. Scope 2 is defined as indirect GHG emissions arising from the consumption of purchased electricity, heat or steam used by the bank

3. Scope 3 considers GHG emissions across the bank's value chain – upstream and downstream

### Scope 1

Source of emissions	Consumption	Unit	Data type	Emission factor kgCO <sub>2</sub> e/unit	Source	Emissions tCO <sub>2</sub> e
Petrol – car fleet	1,574,765.3	litres	Real	2.1619	DEFRA 2022	3,404.4
Diesel oil – car fleet	7,538.8	litres	Real	2.5578	DEFRA 2022	19.3
Natural gas for central heating and hot water.	9,227.1	MWh	Real	182.545	DEFRA 2022	1,684.3
Heating oil for central heating and hot water.	30,000.0	litres	Real	2.5401	DEFRA 2022	76.2
Diesel oil for aggregates	1,500.0	litres	Real	2.5578	DEFRA 2022	3.8
Refrigerant R410A	23.0	kg	Real	2,088.0000	DEFRA 2022	48.0
Refrigerant R407C	14.2	kg	Real	1,774.0000	DEFRA 2022	25.2
Refrigerant R32	5.4	kg	Real	675.0000	EPA / Schiessel	3.6
<b>TOTAL</b>						<b>5,462.0</b>

### Scope 2

Source of emissions	Consumption	Unit	Data type	Emission factor	Source	Emissions tCO <sub>2</sub> e (location based)	Emissions tCO <sub>2</sub> e (market based)
Electricity – offices	21,670.2	MWh	Real	0.0007	KOBiZE	14,432.5	2,318.6
Electricity – remote work	793.0*	MWh	Estimation	0.0007	KOBiZE	528.1	528.1
District heating	111,615.2**	GJ	Estimation	0.1020	URE	11,383.1	11,383.1
<b>TOTAL</b>						<b>26,348.7</b>	<b>14,234.9</b>

\* Estimation based on person-days spent working remotely and the assumption that a person working remotely consumes 0.12 kWh per working hour.

**\*\* Estimation based on benchmarks of annual heat consumption per sq. m of floor area (from the 2020 Statutory Energy Audit) and floor area of occupied premises (heated with district heating).**

**In 2021 and 2022, electricity consumption related to and emissions from remote working of bank employees have been included in Scope 2. Remote work represents a marginal part of this Scope – about 2% on a location-based basis and about 3.8% on a market-based basis.**

**The inclusion of employee remote working within Scope 2 was dictated by the bank's methodology for calculating its carbon footprint, taking into account comparability between the bank's emission categories. It is planned that in 2023 and beyond, electricity consumption from remote work and associated emissions will be reported in Scope 3.**

The calculation takes into account locations abandoned during 2022 based on the number of days they were used by the bank.

### Scope 3

Source of emissions	Consumption	Unit	Data type	Emission factor kgCO <sub>2</sub> e/jd	Source	Emissions tCO <sub>2</sub> e (location based)
Car rental	772,209.0	km	Real	0.1694	DEFRA 2022	130.8
Bus*	20,200.0	km	Estimation	0.0268	DEFRA 2022	0.5
Train**	1,349,200.0	km	Estimation	0.0351	DEFRA 2022	47.4
Aircraft – domestic flights	215,136.8	km	Real	0.2446	DEFRA 2022	52.6
Aircraft – flights in Europe	3,172,199.2	km	Real	0.1528	DEFRA 2022	484.6
Aircraft – flights outside Europe	802,386.7	km	Real	0.1921	DEFRA 2022	154.2
<b>TOTAL</b>						<b>870.1</b>

\* Due to lack of data, a distance of 100 km was assumed for each bus journey purchased.

\*\* Due to lack of data, a distance of 200 km was assumed for each purchased train journey.

We use emission factors to calculate our impact on climate change.

The table above provides a detailed summary of our emissions, along with a description of the sources of the emissions we have considered, the consumption of resources expressed in the relevant unit of measurement, the type of data, the emission factor and the source on which the calculation was based.

We have already taken ambitious steps to reduce our own emissions by using renewable energy. In 2022, our offices had zero-emission electricity from renewable sources under a grid contract with Tauron (we purchased 18,088.81 MWh of such energy), and we also used electricity from outside this contract (3,582.4 MWh). We have received an access certificate for the Tauron Group's ECO Premium product. The document confirms that the electricity we purchase participates fully in the Green Energy Guaranteed Sales Scheme and comes from environment-friendly energy sources – mainly hydroelectric power plants. In addition, we are focusing on increasing energy efficiency in our own operations. In 2022, electricity consumption in the bank's offices fell by 19.6% compared to the 2021 level, and we reduced natural gas consumption for central heating and hot water by a quarter (also compared to 2021).

For a description of the calculation methodology, see *Our results* section.

## Other environmental indicators

[GPW: E-P2, E-S3, E-S6]

[GRI 302-1]

### Electricity consumption in 2021 and 2022

Energy consumption [MWh]	2021	2022	
Total electricity consumption	26,449.30	21,670	●
Of which total consumption of energy from non-renewable sources	14,174.30	9,551.29	●
natural gas	12,399.38	9,227.10	●
Including: fuel oil	1,549.37	308.28	●
Diesel oil	225.55	15.91	●



### Bank's car fleet

	2021	2022
Number of petrol cars	13	12
Number of diesel cars	2	3
Number of hybrid/electric cars	1,303	1,310

### Business trips

Indicator	2019	2020	2021	2022
Number of trips per employee	3.17	1.55	0.60	1.05

[GRI 303-1]

### Water consumption

At all Santander Bank Polska S.A. locations, we are connected to water mains and we use tap water for drinking and sanitary purposes. The water used is discharged into municipal sewage system.

#### How we save water:



Upon every branch modernisation, dishwashers are installed



In our Atrium office in Warsaw, a grey water system is used. In addition, efficient bathroom fittings and waterless urinals reduce water consumption by 69% and save 10 million litres a year – an amount comparable to the volume of four Olympic-size swimming pools



At the Business Support Centre office in Poznań, rainwater is collected on the roofs of buildings and then used to water the green areas. Low-flow toilets and taps, as well as waterless urinals, reduce water consumption and save around 6.8 million litres of water a year



In the Business Support Centre office building in Wrocław, we have reduced water consumption by half thanks to low-flow toilets and taps

[GRI 301-1]

## Materials used in the bank by weight and volume

	Paper (kg)	Magnetic storage media (kg)
Branches	150,015.0	4,670
Business Support Centres	18,077.5	13,575
<b>Total 2022</b>	<b>186,337.5</b>	<b>18,245</b>
Total 2021	1,216,560	13,770

## Reduction in Diesel oil and petrol consumption associated with business travel using the bank's fleet in 2022

<b>Fuel consumption</b>	
Diesel consumption (in l)	7,538.8
Change in Diesel consumption compared to 2021.	1,024.7
Petrol consumption (in l)	1,574,765.3
Change in petrol consumption compared to 2021	128,263.3
<b>Average fuel consumption per employee:</b>	<b>0.0063</b>

## Disclosures related to Regulation 2020/852

Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment amending Regulation (EU) 2019/2088, known as the EU Taxonomy is a system of uniform classification of sustainability-driven activities to support investors in their investment decisions. The EU Taxonomy imposes a number of reporting obligations on companies subject to the requirement to publish non-financial information, which for credit institutions will come into force on a larger scale in 2024 and fully in 2026. Ultimately, the key performance indicator for the sustainable activities of credit institutions will be the Green Asset Ratio (GAR), which shows the percentage of investments and exposures towards activities which are eligible under the taxonomy with regard to defined environmental objectives for the 'covered assets'. During the two-year transition period, the main subject of disclosure is the eligibility ratio of the activities vs. the taxonomy in terms of two climate objectives: contribution to climate mitigation and to climate change adaptation. The identification of taxonomy-eligible economic activities is the first step in the process of assessing the compliance of the economic activity with the technical eligibility criteria of the taxonomy.

The tables below contain the quantitative information of the Santander Bank Polska Group subject to disclosure during the transition period in accordance with Article 10.3(a), (b) and (c) of Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation 2020/852. The source data for calculating the required percentages are mainly derived from FINREP forms, i.e. prudentially consolidated financial statements prepared for central banks. The components and aggregates used have the same information capacity and limitations as the FINREP report.

## Total gross asset structure as at 31 December 2022

No.	Items included in covered assets (in million PLN)	Balance-sheet value 31.12.2022	Share in gross assets 31.12.2022	Share in gross assets 31.12.2021
I.	Exposure to households	84,641.0	31.9%	35.1%
II.	Exposures to undertakings that are subject to an obligation to publish non-financial information <sup>1)</sup>	4,040.1	1.5%	12.9%
III.	Exposures to undertakings that are not subject to an obligation to publish non-financial information <sup>2)</sup>	106,760.7	40.3%	20.0%
A.	Total potentially eligible assets (I+II+III)	195,441.8	73.7%	68.0%
IV.	Derivatives <sup>3)</sup>	7,187.7	2.7%	1.5%
V.	On-demand interbank loans	971.6	0.4%	0.3%
VI.	Other assets	18,134.4	6.8%	6.7%
B.	Total assets covered (I+II+III+IV+V+VI)	221,735.5	83.6%	76.5%
No.	Items excluded from covered assets (in million PLN)	Balance-sheet value 31.12.2022	Share in gross assets 31.12.2022	Share in gross assets 31.12.2021
VII.	Exposures to central governments <sup>4)</sup>	39,294.3	14.8%	20.5%
VIII.	Exposures to central banks	3,898.1	1.5%	2.8%
IX.	Trading portfolio <sup>5)</sup>	245.0	0.1%	0.2%
C.	Total exclusions (VII+VIII+IX)	43,437.4	16.4%	23.5%
Total gross assets (B+C)		265,172.9	100%	100%

1) The 2022 figure represents exposures to identified non-financial undertakings and financial institutions that are covered by the Non-Financial Reporting Directive 214/95/EU (NFRD). The 2021 figure is based on data available in the FINREP report and includes all exposures to financial institutions and non-financial undertakings net of the portfolio of credit claims on small and medium-sized enterprises.

2) The 2022 figure includes all exposures to financial institutions and non-financial undertakings excluding the portfolio of entities subject to the NFRD regime. The figure for 2021 represents the portfolio of credit claims on small and medium-sized enterprises.

3) The balance of derivative transactions includes derivatives from the financial assets held for trading and instruments recognised under hedge accounting.

4) The figure reported for 2022 excludes exposures to local governments, which in the previous year were reported together with central government institutions in accordance with the presentation applicable to FINREP reporting.

5) Trading portfolio without derivatives.

The reporting of taxonomy-eligible activities uses the category of 'covered assets', which will also be used in compliance reporting. Such assets are considered to be total gross balance sheet assets excluding exposures to central governments, central banks, supranational issuers and the trading book. These assets represent 83.6% of the Santander Bank Polska Group's total asset as at 31 December 2022, with 73.7% of total assets analysed for eligibility (excluding the following items: derivatives, on-demand interbank loans, cash and cash-equivalent assets and other assets).

#### Share of Taxonomy-eligible activities as at 31 December 2022 and 31 December 2021.

Eligible exposures by entity (in million PLN)	Mandatory approach 2022		Mandatory approach 2021
	Eligible exposures considering CAPEX for non-financial undertakings 31.12.2022	Eligible exposures considering TURNOVER ratio for non-financial undertakings 31.12.2022	Eligible exposures 31.12.2021
Non-financial and financial undertakings	849.4	313.4	N/A
Households (loans collateralised by residential immovable property and car loans) <sup>1)</sup>	51,851.5	51,851.5	51,063.3
<b>Total Taxonomy-eligible activities</b>	<b>52,700.9</b>	<b>52,164.9</b>	<b>51,063.3</b>
<b>Share of Taxonomy-eligible activities <sup>2)</sup></b>	<b>23.8%</b>	<b>23.5%</b>	<b>26.6%</b>
<b>Share of Taxonomy-noneligible activities <sup>3)</sup></b>	<b>76.2%</b>	<b>76.5%</b>	<b>73.4%</b>

1) The figure for 2021 does not include car loans granted to households.

2) Taxonomy-eligible economic activity means activities described in dedicated delegated acts regardless of whether they meet the technical eligibility criteria listed therein. For the reporting periods ending 31 December 2021 and 31 December 2022, a delegated act on climate covering two environmental objectives (climate mitigation and climate adaptation) applied.

3) Taxonomy-noneligible economic activity means an activity that does not meet the conditions in (2) above.

The key transitional performance measure, the eligibility ratio, defines the share of covered assets attributable to activities that are taxonomy-eligible in terms of two environmental goals implemented to date (out of six defined), regardless of whether they meet the technical criteria for classification set out in the relevant delegated act. The classification of environmentally sustainable activities is based on the NACE nomenclature of economic activities, the statistical classification of economic activities in force in the European Union.

When calculating the eligibility ratio, the numerator accounts for taxonomy-eligible financial assets, including loans and advances and debt and equity securities of financial institutions and non-financial undertaking subject to the Non-Financial Reporting Directive (NFRD) and certain credit receivables in the portfolio of households and local government units, mainly loans secured by real estate. Covered assets are reported in the denominator.

As part of its non-financial reporting for the year ended 31 December 2022, Santander Bank Polska Group has prepared quantitative eligibility information at the mandatory level. Extended information based on estimates that can be disclosed on a voluntary basis has not been provided. Moreover, due to data limitations in the first reporting period for non-financial companies' disclosures on eligibility and compliance with the taxonomy of natural gas and nuclear energy activities, the Group's disclosures in question do not include information in this regard.

The Group has identified exposures to non-financial undertakings and financial institutions meeting the criteria set out in Article 19a or 29a of Accounting Directive 2013/34/EU and covered by Non-Financial Reporting Directive 214/95/EU (NFRD), based on a source data warehouse in accordance with FINREP granularity.

In the mandatory disclosure, publicly available indicators reported by the aforementioned counterparties (public interest entities), i.e. TURNOVER and CAPEX indicators of non-financial undertakings relating to turnover and capital expenditure and eligibility indicators in the case of financial institutions, were used to calculate the taxonomy-eligibility of general-purpose debt instruments. When the purpose of the proceeds of a debt instrument was identified and taxonomy-eligible, the proceeds were allocated in their entirety to taxonomy-



eligible economic activities. Green debt instruments were treated as eligible at full value, as were the mortgage portfolio and household motor vehicle loans.

In line with the mandatory approach, as at 31 December 2022, the eligibility ratio (share of Taxonomy-eligible economic activities) of the Santander Bank Polska Group was 24% according to CAPEX and TURNOVER. The share of potentially eligible assets in total assets reached 74%.

## Disclosures related to Regulation 2019/2088 – SFDR

The EU Financial Services Sustainability Disclosure Regulation (the so-called SFDR) also applies to the Santander Bank Polska Group. Accordingly, Santander TFI S.A., as a financial market participant within the meaning of the SFDR, complies with the disclosure obligations set out in Articles 3 – 5 of this legislation, which include:

- Information on strategies for integrating sustainability risks in the investment decision-making process (Article 3 of the SFDR)
- Information on due diligence strategies in relation to the effects of investment decisions on sustainability factors (Article 4 of the SFDR)
- Information on how to ensure that remuneration policies are consistent with the introduction of sustainability risks into the business (Article 5 of the SFDR)



Current disclosures related to the SFDR are available on the Santander TFI website:  
<https://www.santander.pl/tfi/o-nas/odpowiedzialny-biznes>.

# S – Stakeholder relations – Social

## Stakeholder relations strategies and policies

The bank's relations with stakeholders are regulated by the following documents:

- Sustainability Policy,
- Environmental, Social and Climate Change Risk Management Policy.
- General Code of Conduct,
- Policy on Diversity in the Composition of the Management Board of Santander Bank Polska S.A.
- Human Rights Policy.

Principles and international guidelines on social issues, defining the bank's approach in this regard:

- Equator Principles (International Finance Corporation Guidelines),
- United Nations (UN): Universal Declaration of Human Rights,
- UN Sustainable Development Goals,
- United Nations Global Compact,
- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- The Fundamental Conventions of the International Labour Organization (ILO).

## Stakeholder relations – what matters to us

### Positive customer experience (NPS)

[GRI 3-3] [Custom indicator: Customer satisfaction measurement results]



Topic from the Materiality Matrix: **Positive customer experience (NPS)**

In 2022, we adopted the Customer Experience Management Policy which sets out our key customer-centric standards:

- the Compass (Kompas) standard for the design of products and services, which is based on customer-centric principles of modern design,
- the Clear Thing standard for empathetic and straightforward communication, which we implemented both in the process of exchanging information with customers and within the bank. In 2022, a second bank-wide language audit was conducted, which confirmed the achievement of the predefined value of the language comprehensibility index in regulations, agreements and correspondence addressed to customers, among other things. Work has also begun on changing the appearance of documents so that the most important information is properly highlighted and difficult topics are presented in a graphic form. We have included in the standard of keeping language simple the rules for developing documents for persons with special needs,

- the standard of empathetic customer service, in which it is increasingly important to combine digital solutions with customer service at the branch.

The quarterly planning process takes into account the customers' point of view. NPS scores for each business segment are analysed and key value-enhancing initiatives are identified. We view the Net Promoter Score (NPS) as a measure of how well we understand and meet customer needs. In 2022, we were among the top four banks in Poland in terms of managing the quality of the **mass customer** experience. We also ranked third in respect of NPS in the group of **wealthy customers and small and medium-sized companies**. Performance improvement can also be observed in the **corporate customers segment**, where NPS increased by 10 points.

## Responsible selling

Responsible selling is governed by the General Code of Conduct. In accordance with our Code, we adhere to the following principles:

- fair treatment of the customer at all stages of the sales process,
- exhaustive information about the risks and costs associated with a product or service,
- competitive, transparent pricing at a reasonable level,
- information related to the product and service must be objective, understandable and relevant to the target customer group,
- easy-to-understand information for customers on channels and decision-making processes for applications, incidents and claims.

Our bank is a co-founder and signatory of the Declaration of Responsible Selling. This is a project initiated by financial institutions to improve ethical standards in customer relations and counter unfair market practices. In 2022, for the second time we passed the Responsible Selling Declaration audit, which confirmed that the bank's internal regulations and processes are transparent and customer-friendly.

## Inclusive and sustainable banking

[GRI 3-3]

[Custom indicator: Number of bank branches with Barrier-Free Service certification]

[FS 14 GRI Sector Supplement]



Topic from the Materiality Matrix: **Inclusive and sustainable banking**

Our offering, service and communication system are tailored to meet the needs of all customers. Our services are available in traditional outlets, digital channels, and additionally we have a network of self-service devices. We increase accessibility by, among others, implementing the "Barrier-Free Service" program, which aims to provide access to the bank's offer to customers with individual needs, including persons with disabilities and seniors and which contributes to the bank's compliance with the requirements under the Product and Service Accessibility Directive. Thanks to modern technologies, we are systematically increasing the possibility of remote use of products and services. At the same time, we take care to provide appropriate conditions for customers in traditional banking outlets.



**GOOD  
PRACTICE**

We support an inclusive and diverse work environment through the implementation of the Differently Abled project, which aims to prepare organizations to employ people with disabilities and raise awareness of their needs.

Our bank is a founding member of the Business Accessibility Forum. This initiative serves to popularize solutions that increase the accessibility of services and develop a common position of members on the implementation of the EU directive on the accessibility of products and services into the Polish legislation.

## How we ensure the accessibility of our services and products<sup>9</sup>:



Barrier-Free Service standards are in place at all branches and partner outlets, providing support for customers with individual needs. Our outlets are equipped with mini magnifiers and frames to make signing easier for blind and visually impaired people, as well as priority service stations. At each branch, it is possible to connect online with an adviser using Polish Sign Language (PJM). This is also possible via Santander mobile application, Santander internet platform and our website.



Our ATMs have features that make them easier to use for people with disabilities, including audio service (so-called "talking ATMs"), the ability to switch the screen to high-contrast mode or turn it off, and signage in Braille. 96% of our 1,400 ATMs have at least one such feature.



40% of the bank's branches (153 outlets) have a certificate of architectural accessibility for persons with disabilities.



At the bank's Contact Centre, customers can identify themselves using voice biometrics. Customers calling 1 9999 can use the Call Steering service. CS is otherwise known as voice IVR, a technology that allows recognition and interpretation of human speech. A speaker asks the customer what he or she would like to talk about and, based on the answer, connects him or her with the appropriate advisor. CS creates a voice-managed, modern, intuitive IVR environment for the customer, reduces call time and the time it takes to reach the advisor and increases customer satisfaction.



We offer cards with a blind notch, that is a notch on the side, which facilitates use by visually impaired people, for instance at ATMs or when making payments.



We have equipped five branches with tactile paths, the TOTUPOINT navigation and information system, and a so-called a tyflographic map (a plan of the branch with convex points reflecting the surrounding objects and descriptions in Braille along with a bell to summon the branch staff). These solutions facilitate spatial orientation in the branch and increase the level of safety for blind people.



We are developing online and mobile banking for accessibility for customers with disabilities, offering Face ID and Touch ID login to the mobile application.



44 branches are equipped with portable induction loops, devices that facilitate communication with hearing-impaired customers who use hearing aids. We also implemented a procedure for making statements of will by customers who are unable to read and/or write.

## Barrier-Free Service – our performance results (as at 10 December, 2022 and 31 December, 2021)

[GRI 3-3] [Custom indicator: Number of bank branches with Barrier-Free Service certification]

Indicator	2022	2021
Number of branches certified as "Barrier-Free"	153	157
Number of branches equipped with portable induction loops	44	37
Number of bank's branch staff trained in the service of customers with individual needs (classroom and e-learning training)	4,083 persons participating in remote training and close to 100 persons taking part in classroom training sessions	4,037 e-learning credits, about 250 persons participating in remote training sessions
Number of accessibility audits carried out in cooperation with the TUS Foundation, in accordance with the methodology of niepełnosprawnik.pl	6	14



Our advertisements are adapted to the needs of people with visual and hearing disabilities. The videos on the "Barrier-Free Service" website and on the bank's YouTube channel are available with subtitles, audio description (voice over) and a Polish Sign Language interpreter.

<sup>9</sup> Quantitative data as of December 10, 2022.

# Impact of operations on the environment

## Employee relations

Focus on employees has been identified as one of our strategic directions. We want to attract and retain talents so we are improving the employee experience.

In 2022, we achieved our highest ever eNPS reading of 41 points, which reflects the level of recommendation of the Bank as an employer by employees.

### Employment structure

[GRI 2-7] [GRI 2-8] [GRI 2-30] [GRI 401-1] [GPW: S-P4] [GPW: S-P3]

In 2022, there were 11,976 employees in the Santander Bank Polska Group, most of them (82%) in Santander Bank Polska S.A.

- 11 976 employees of the Santander Bank Polska Group, including:
  - 9,920 employees of Santander Bank Polska S.A.
  - 319 employees of Santander Leasing S.A.
  - 108 employees of Santander Faktoring S.A.
- Moreover, 1,788 is the number of people who work for Santander Bank Polska S.A. but are not its employees<sup>10</sup>
- 18% are newly hired bank employees,
- 17% is the level of employee turnover in the bank.

The number of people employed at Santander Bank Polska S.A. under an employment contract is 9,920, of whom 68% are women and 32% are men. The gender ratio has thus remained at almost the same level as last year. 92% of people work full time. Most employees of the bank are based in Warsaw and other large metropolitan areas.

The prevailing form of employment at Santander Bank Polska S.A. is an employment contract. We hire employees on the basis of contracts of mandate in the case of student internships and job placements and in the case of specific tasks which must be completed over a specific period of time, for instance support during the implementation of IT projects. The increase in the number of mandate contracts in 2022 is due to the greater availability of internships at the bank.

Our employees are not covered by collective labour agreements. There are 5 trade union organisations in the bank.

### Diversity in the workplace

[GRI 2-9] [GRI 405-1] [GRI 405-2] [GRI 202-1] [GPW: S-P1, S-P2]

The cornerstone of our corporate culture is respect for individuality, equal treatment and anti-discrimination. Adherence to these principles is guaranteed by the Respect and Dignity Policy, the Human Rights Policy, the Sustainability Policy and the Santander Bank Poland Group Corporate Culture Policy, among others.

<sup>10</sup> Persons with whom we have signed mandate contracts with an hourly rate (as at 31 December 2022).

The largest group of the bank's employees in 2022 were:

- in the group of senior managers – men aged 30-50,
- in the group of other managerial staff and the rest of the employees – women aged 30-50.

In accordance with the Policy of Diversity in the Composition of the Management Board, we are doing our due diligence to ensure gender balance among the Board Member, although this goal is still to be achieved. There are currently 8 men and 1 woman on the Management Board of Santander Bank Polska S.A. We also promote diversification of the members of the Management Board and the Supervisory Board in terms of experience and qualities. Foreigners account for slightly less than half of the members of these two bodies combined.

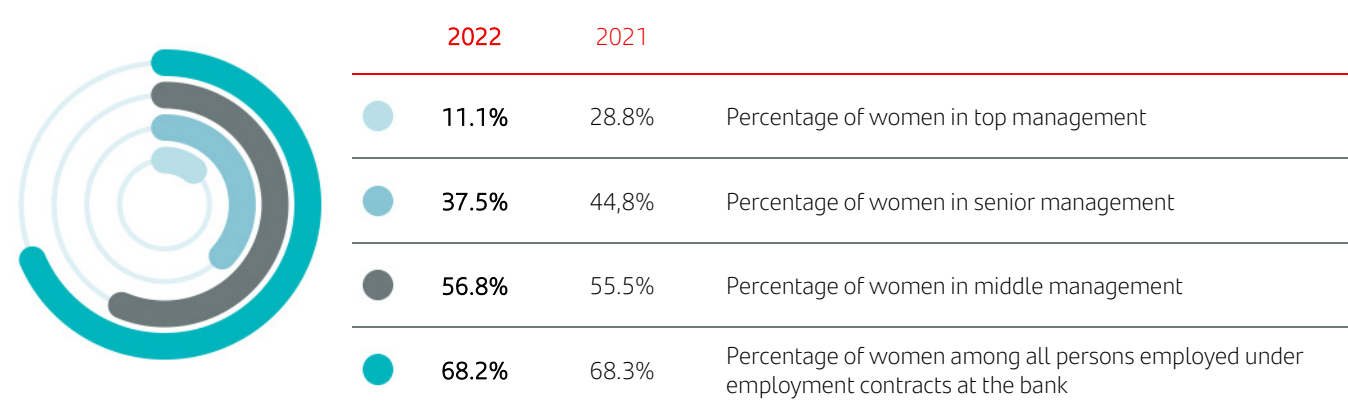
On a bank-wide basis, foreigners account for less than 1% of staff.



In May 2022, we celebrated Diversity Month dedicated to promoting employee networks at the bank, among other things. We also organized workshops and webinars on diversity and inclusivity.

One of the networks at Santander Bank Polska is called Santander Women. Its mission is to inspire the bank's female employees and create a work environment where women's potential is appreciated.

### Share of women at every level of the organisation in 2022 (Santander Bank Polska S.A.)



The Equal Pay Gap (EPG) in 2022 was 2% meaning that, on average, women earned 2% less than men in the same positions. This indicator compares the average salaries of men and women who work in the same position, at the same level, in the same role. The figure improved by 0.4% from the previous year. Our goal is to eliminate the pay gap by 2025.

On the right is the ratio of the basic<sup>11</sup> salaries of women and men regardless of role, i.e. without taking into account the specifics of the positions, in each category of employees:

Senior managers	85.5%	
Other managers	79.8%	
Other employees	68.9%	



<sup>11</sup> A fixed amount paid to employees for the performance of their duties which does not include any additional remuneration, such as overtime pay or bonuses.

The ratio of salaries calculated including additional amounts paid to employees<sup>12</sup> remains at a similar level:

Senior managers	82.4%	●
Other managers	77.4%	●
Other employees	69.4%	●



These differences in our case are due to the bank's organizational structure, in which the vast majority of employees in the branch network are women, while in IT-related positions the majority of employees are men. Changing the value of the gap will be a gradual process. To foster this transformation we will:

- gradually increase the proportion of women in the senior management group,
- offer development programs dedicated to women,
- maintain gender balance in recruitment and development processes,
- include adequate representation of women in succession plans,
- promote knowledge of equal treatment and inclusiveness among employees.

As for the ratio of the salary of the lowest-level employees (account managers, relationship managers) to the national minimum wage, the figure is similar for both genders. The lowest-ranking female employees of the bank earn 146% of the minimum wage, while male employees earn 144%.

## Gender Pay Gap

Employment category	Ratio of basic salary for women to men
Senior management without Management Board	0.8495
Other managers	0.8015
Other employees	0.6906

## Remuneration policy

[GRI 2-20]

The Santander Bank Polska Group's remuneration policy positions us to attract and retain the best qualified professionals. We offer a competitive benefit package consisting of basic salary, bonus schemes and fringe benefits. Our regulations promote balanced decisions and avoiding excessive risk-taking among employees.

The bank's Management Board is the owner of the policy and is responsible for its major updates and reviews (at least once a year). The bank's organizational unit in charge of remuneration supports the Management Board in this regard. The Supervisory Board is responsible for overseeing and approval of the Policy and at least once a year reviews the remuneration policy and assesses its impact on the bank's management.

The policy was developed in cooperation with the Compliance, Risk and Legal areas. In determining the amount of remuneration, the bank uses reports offered by an independent consulting firm. The application of the bank's remuneration policy is subject to an

<sup>12</sup> Basic salary, bonuses and prizes paid during the reporting period are included

independent review by internal audit at least once a year. A report on the review is presented to the bank's Supervisory Board and the Supervisory Board's Remuneration Committee.

In the second quarter of 2022, we carried out a pay review to continue our efforts to reduce the gender pay gap (Equal Pay Gap).

Santander Bank Polska S.A. takes into account the opinions of shareholders when setting the limit for the ratio of variable to fixed components of remuneration (as a rule, it is subject to the approval of the General Meeting of Shareholders granted by a 2/3 majority of votes in the presence of persons representing at least half of the share capital).

The rules for calculating the remuneration of members of the Supervisory Board and members of the Management Board are detailed in the Remuneration policy for managers subsection, in the section on corporate governance.

## Training and development

[GRI 404-1, GRI 404-2, GRI 404-3]

Training of Santander Bank Polska S.A. employees:

- 460 865 training hours
- 77% accounts for the training of women
- 23% accounts for the training of men

We implement and develop solutions to make the bank an attractive place to work and an integrated talent management strategy provides employees with development opportunities at every stage of their careers. This approach follows a development methodology referred to as the 70-20-10 model, which involves practical on-the-job training (70%), knowledge acquisition with the help of other employees (20%) and training (10%). Our training and development activities are part of activities carried out throughout the Santander Group, including, for example, encouraging international mobility of employees.

### Employee development programs at Santander Bank Polska S.A. in 2022:

Self-study development projects:

- implementation of DOJO system – a global website supporting employee development which provides access to both proprietary materials and popular commercial tools (LinkedLearning, O'Reilly, etc.).
- access to external training platforms (Udemy, EduWeb, eTutor, Inspiro and more);
- use of development surveys, primarily DISC, Gallup, Harrison;
- Elixir of Development: a collection of useful materials in the form of webinars, lectures by external and internal experts, discussion panels, mailings;
- Development Planet: an internal website dedicated to development initiatives.
- Be Tech&Business – a global development talent program for STEM (Science, Technology, Economics, Mathematics) professionals;

Projects promoting experience sharing:

- YOUNiversity: an in-house tutoring program with about 150 tutors;
- mentoring;
- MOST program: in-house internships, where employees can participate in projects in other organizational units of the bank;

Training courses and workshops:

- Advisor of the Future: training to develop competencies related to digital customer service;
- Service Design Academy;
- Keep Growing: a program for individuals who received the highest grades for their work in the previous year;
- Young Leaders: a program launched by the Santander Group that addresses the development of leadership competencies for a selected group of talents;
- Futuro: a program for all managers aimed at developing leadership competencies;
- training related to the development of social competencies of the future;
- Training to develop the skills needed to implement the bank's strategy.



At least once a year, the performance of the vast majority of Santander Bank Polska employees is evaluated (81% of women and 86% of men). The assessment is carried out based on criteria known to employees and their managers. The Human Resources department may also be involved in the evaluation.

#### Development programs for employees of Santander Leasing S.A. in 2022:

- Leasing inFLuencers: a program that develops the key competences of the future, including innovation and creativity in business, system thinking, managing diversity (of one's own and team potential) mental resilience and awareness of corporate social responsibility.
- Go! Guide Pro brings together a team of people committed to improving work with the tools offered by Google in teams and at the Company level. GO! Guide, in addition to technical knowledge provides extensive information on agile project management methodology or the theory of constraints. The program includes a package of selected training courses that will enrich participants with knowledge useful during the implementation of small and large IT projects at Santander Leasing.
- KOMPAS Service Design: a series of trainings developing the competences necessary for project implementation. Training focused on conducting workshops, managing a team and designing solutions from the perspective of the user experience and the bank (Service Blueprint).

#### Santander Factoring employees participated in the following programs carried out by the bank:

- Elevate for employees, 4Us and 4Leaders
- in addition, individual programs for managers developing team management skills and workshops for top managers were implemented

#### Training and development programs at Santander TFI:

- access to LinkedIn Learning platform,
- LEGIMI 3 e-library,
- e-tutor platform for English and Spanish language learning,
- subsidised external courses and training – at the request of the employee/supervisor

## Benefits

[GRI 401-2]

The following benefits are offered to the bank's employees working under an employment contract (both full-time and part-time):

- Health
  - Medical care for employees and their family members,
  - Multisport card
- Security and support
  - Loans for renovation and housing purposes,
  - Special assistance grants – support for people in difficult life and financial situations,
- Family
  - Support for parents: subsidies from the Social Fund for children's holidays, school starter kits, nursery care, children's clubs and kindergartens,
  - Holiday subsidies for bank retirees.
- Culture, travel and shopping
  - Cafeteria system

We made the following changes compared to the previous reporting period:

- Medical care for children without age limit (previously up to 25 years of age),
- The possibility of a refund of the cost of rehabilitation camps for children from the Social Benefits Fund,

- Lifting the income limit for a refund of the cost of the school starter from the Social Benefits Fund,
- Subsidized holiday once a year for retired employees (previously once every two years).

At Santander Leasing, the same benefits are provided as at Santander Bank Polska S.A., plus language courses and PZU group insurance.

At Santander Factoring, benefits provided only to full-time employees include English lessons, private medical care, life insurance and reimbursement for the purchase of eye glasses.

At Santander TFI, full-time employees receive subsidised monthly life insurance premiums, health care and additional leisure benefits.

## Occupational health and safety

[GRI 403-2, GRI 403-5, GRI 403-6, GRI 403-9] [GPW: S-S1]

We provide a safe workplace. We have Social Labour Inspectors and an Occupational Health and Safety Committee. The work environment is monitored by the Health, Safety and Wellbeing Office, which conducts regular audits and risk assessments of individual jobs. Considerations include factors affecting physical safety, ergonomics at work, as well as psychological risks and hazards associated with working from home, for example. When updating risk assessments, experts take into account information on previous accidents. We consult with employees and trade unions. In special situations, we set up a crisis management team.

### Occupational risk assessment process:



The performance of the OHS management system is regularly reviewed and improved at Santander Bank Polska. The knowledge of specialists from the Health, Safety and Wellbeing Office is updated during training courses, conferences and industry meetings.

All employees of the bank undergo training in occupational health and safety. Its scope and frequency is determined by legal requirements, changing external circumstances and needs reported by employees. Information on risky situations is reported to the manager and employees of the Health, Safety and Wellbeing Office directly, by email to the dedicated functional mailbox or by telephone. In addition, an online Our Health form is available to all employees for reporting the cases of coronavirus infection. The effectiveness of our health and safety training is regularly verified through health and safety audits, interviews with employees, analyses of accident incidents and post-training surveys.

In addition, we have implemented Business Continuity Plans throughout our organization, which consist of procedures and information to ensure business continuity in the event of an emergency, as well as the restoration of critical processes in the shortest possible time to maintain an acceptable range of Group operations.

### How we took care of the health of our employees in 2022:

- Each of our contracted employees working under an employment contract can benefit from free private medical care – both in clinics and through remote consultations and home visits. We provide access to doctors and specialists, as well as vaccinations. Family members of employees can enjoy private health care at a preferential rate.
- We take care of employees' health through preventive measures. In 2022, we prepared mobile points with dermatological and trichological examinations in 4 locations. We carried out health-promoting campaigns (e.g. Take care of yourself and your health – sign up for cytology.).
- We combine care for physical health with care for the mental health. During the pandemic, we launched a hotline offering consultations with a psychologist in the form of a chat, video chat or phone call, while maintaining full confidentiality. In addition, as part of Medicover coverage, our employees can take advantage of six free consultations with specialists (psychiatrist, child

psychiatrist, psychologist, etc.) during each contract year. As of January 2023, we also offer crisis support in the form of five free online consultations with specialists. In addition, we have also provided expert webinars and articles on depression and burnout.

- Information on all health-related programs is regularly published in newsletters. The range of health care services is also available on the intranet, and access to services and programs is facilitated by a specially hired coordinator.

In 2022, we recorded no serious or fatal accidents at Santander Bank Polska. The most common work-related injuries included ankle and knee sprains, head injuries and cervical injuries. At Santander Bank Poland, work-related hazards that can create risks of serious consequences include bank robbery, traffic accident, fire, terrorist attack and electric shock. In 2022, none of these risks resulted in serious injuries among our employees. We do not collect information on accidents or injuries to non-employee workers.

## Customer relations

### Customer-centricity

[GRI 3-3]

[Custom indicator: Main activities to increase customer satisfaction]

We provide services to nearly 5.6 million customers. Among them are individuals, small and medium-sized companies, large enterprises, corporations, and public sector institutions. We care about a positive banking experience for all customers, which is why we:

- follow service standards that respond to current market trends,
- adapt our solutions to customer expectations,
- apply responsible sales practices and counteract the sale of financial products inconsistent with customer needs (misselling),
- build greater customer awareness of cyber security,
- adhere to ethical principles in our marketing communications,
- provide information about products and services in a reliable and understandable manner.

We define the quality of customer relations at the strategic level. Customer Obsession is one of our strategic directions for 2021-2023.

2022 was a landmark year for us in terms of customer experience management. We closed the transformation carried out between 2019 and 2022 with the adoption of the Customer Experience Management Policy (CX Policy). It will allow us to increase customer satisfaction and their propensity to recommend our bank.

Principles of good customer service at Santander Bank Polska:



After the COVID pandemic, we noticed that customer expectations had changed significantly. That's why we updated our customer service standards by putting more emphasis on empathy in face-to-face interactions and digital solutions. We also changed the work environment (eNPS) for employees who have direct contact with customers.

We have prepared for customers a modern, comprehensive and customized offering of bank accounts, loans, savings and investments, as well as settlement, insurance and card products. Using our services is simple and easy. We are also constantly increasing the number of functionalities and operations that customers can quickly execute through remote channels. When it comes to business clients, our aspiration is to have a good cooperation and relationship between the advisor and the client.



Since 2021, we have been following "Compass" – a customer-oriented, standardized product and service design process. It is based on an Agile work organization and involves customers in the design process. Through testing and experimentation, it helps implement solutions that are relevant to customer needs.

We are taking a comprehensive approach to improving customer satisfaction in each segment.

In the retail customer segment, we:

- develop customer-focused solutions,
- measure performance using NPS tools,
- simplify products and automate processes,
- develop digital channels,
- collaborate within One Europe on Santander Group projects.

In the SME segment, we:

- develop remote and electronic banking processes,
- simplify the credit process.

In the Private Banking segment, we:

- strengthen the position of this segment in the Polish market as the bank of first choice,
- make available a reliable and diversified investment offer.

In the corporate customer segment, we:

- digitize and automate operations to focus on work that brings the highest value to customers,
- provide customers with products that meet their individual needs,
- maintain the highest quality of service for all customers and the highest standards of compliance with regulations and market standards,
- build value based on the talents and experience of employees.

## Complaints

[GRI 2-25]

The complaints process is an integral part of serving our customers. Customers can file complaints:

- in branches,
- on the infoline,
- via online and mobile banking, and
- by regular mail.

We respond to complaints in a manner chosen by the customer, including:

- regular mail,
- text message or
- message in online or mobile banking.

If we cannot accept the complaint, we inform the customer in our response how they can appeal our decision if they disagree with it. We suggest appealing internally to the Customer Care Officer or to external institutions.

### Complaints in 2022.

- 67% of the complaints were submitted remotely by customers (by phone or online and mobile banking, including video call and chat).
- 81% of our responses were submitted electronically.
- 61% of complaints were handled within three business days.
- 27% of cases were handled on the spot. This means that the customer received a decision as soon as they made a complaint. The decision, based on the relevant authority, was made by the employee who received the application.
- 98% of the cases handled through the simplified process were resolved within one business day.

We record all complaints in a central system for complaint tracking and handling. The system assigns them to appropriate teams which deal with them according to their competencies. The system also allows for ongoing monitoring of complaints (e.g., quality of service, compliance with regulatory timeframes). We also periodically analyse the numbers and topics of complaints and, based on the findings, identify their causes and recommend corrective actions. We do this to reduce the number of complaints.

We have identified the types of cases that can be resolved instantly by the employees who receive complaints. This means that the customer gets a decision right away.

In 2022, we continuously improved the quality of our responses and we are constantly working to prepare responses that are empathetic and follow the principles of plain language. We try to write simply and provide comprehensive information, while avoiding banking jargon and complicated language. We have also worked to reduce response times. In our complaint processes, we use robots that help us considerably.

We regularly check the level of customer satisfaction with the quality and speed of our work. We use the findings and results to improve the process of complaint filing and processing.

The rules according to which we accept and evaluate complaints are set out in the terms and conditions for each product (and in the case of loans in loan agreements). Customers will also find these rules on our website.

In order to report serious concerns to the Management Board, a special unit (in the Compliance Area) analyses and reports on complaint trends and incidents that contribute to a significant increase in the number of complaints. The complaints report is part of the quarterly report submitted to the Management Board and Supervisory Board. In addition, once a year, we present the topic of complaints at a meeting of the Management Board and at a meeting of the Audit and Compliance Committee.

Complaints addressed directly to the Bank's Management Board, our CEO or individual Board Members are managed by the Customer Care Officer. We also include information about these complaints in quarterly and annual reports.

## Transparency

[GRI 2-27] [GRI 417-2] [GRI 417-3] [GRI 406-1] [GRI 415-1]

We monitor the compliance of our activities with legal regulations and the Compliance function oversees the process.

How we ensure compliance with the law:

- > informing about significant changes in laws and regulatory guidelines,
- > monitoring the implementation of regulatory projects,
- > approval of new products and major product changes,
- > reviewing model agreements, communication and advertising, procedures and training,
- > regular monitoring of processes and products.

**0 cases** of significant non-compliance with regulations and voluntary codes regarding product and service labelling and communication.

**0 cases** of non-compliance with regulations or voluntary codes regarding marketing communications, including advertising, promotions and sponsorships

**0 cases** of discrimination

**14 significant cases** of employee fraud as a result of which the Bank terminated the employment contract with the justification of Article 52 of the Labor Code

**1 fine** for non-compliance with the requirements of generally applicable laws described in more detail below\*

*\*In 2022, the bank received one fine of PLN 545,000 for acting in violation of Regulation 2016/679 (GDPR). In the case in question, we reported the violation to the Office for Personal Data Protection (UODO) when we found that a former employee of the bank had unauthorized access to the payer profile on the Social Security Electronic Service Platform. As a result, he was able to view the bank's employee data. In response to the incident, we posted a notice on the internal communication platform reminding people of the rules for processing personal data. In the UODO's opinion, the announcement was too general and the data subjects were not notified instantly, without undue delay of their personal data breach. The decision was issued by the President of the Office for Personal Data Protection. The decision is not final. The bank has filed an appeal.*

Just like last year, Santander Bank Polska does not provide financial or in-kind support, whether direct or indirect, to political parties.

## New technologies and innovation

[Custom indicator: Information on key products, including new products launched during the reported period]  
[Custom indicator: Products and initiatives for small and medium-sized enterprises (SMEs)]

We digitize our processes to provide even higher quality services and products. In 2022, we continued to increase self-service and digital sales.

### Innovations and initiatives for customers of the Retail Banking Division launched in 2022:

#### Daily banking (accounts, cards, savings, investments)

- we simplified the process of opening accounts for minor customers in online banking,
- we expanded services with new methods of regular savings in mobile banking
- we launched a structured deposit subscription,
- we improved the functionality of the online platform for investment funds.

#### Cash loans

- we made ECO cash loans available in more sales channels (in the network of agents and brokers),
- we launched a cash loan for consolidation with a fixed interest rate for up to 120 months.

#### Mortgages

- we simplified the process of requesting for the conversion of loan interest rates from variable to fixed and signing an annex with one visit to the branch,
- we launched a new Guaranteed Housing Loan product
- we offered further simplifications for customers in handling their mortgage loans
- we changed the method of delivering repayment schedules from paper to electronic (for customers using the Electronic Contact Channel).

#### Insurance

- we provided a motor insurance comparison engine.

#### Electronic banking

- we made available a new version of the santander.pl website,
- we made it possible to apply for financing under the Good Start government program
- we expanded the services of Santander Open – the bank's customers can now integrate accounts online and initiate transfers against accounts held with 8 banks.

### Innovations and initiatives for SME segment customers launched in 2022:

- we conducted the first edition of the EmPOWERed in Business program – a series of development workshops for women and competitions for the best business plans,
- we made the softPOS application available to our customers, allowing them to turn their phone or tablet into a payment terminal,
- we made online loans available to customers who had not previously used the credit offer,
- we introduced improvements: in remote channels for overdrafts covered by the de minimis guarantee; in the process of submitting customer statements; and in the process of extending the term of overdrafts.

### Innovations and initiatives for customers of the Business and Corporate Banking Division launched in 2022:

- launch of a new version of the iBiznes24 platform focused on fast and secure management of customers' funds – the updated version includes a new Trade Finance module, an e-FX currency platform and a knowledge base for customers;
- introduction of a modification increasing the automation of the credit process on the CLP credit platform;
- simplification of credit clauses – we have reduced the number of versions, simplified their content, and automated the process of verifying clauses.

### Innovations and initiatives for clients of the Corporate and Investment Banking Division launched in 2022:

- more automated handling of investment line products,
- implementation of modern tools that support optimization of sales processes for foreign exchange transactions in electronic channels (Google Analytics),
- implementation of the process and tools for individual markup of foreign exchange transactions for SME customers in electronic channels,
- preparation of currency exchange tool solutions for the new mobile application,
- completion of the process of automating the calculation and distribution of interest rates by launching the Autorates module on the Financial Markets Platform,
- implementation of the first phase and start of the second phase of global management of foreign exchange positions that originate from electronic channels,
- preparing a global solution for automating the PagoNxt process of foreign exchange transactions,
- launch of the new Global Connect product.

### At Santander Leasing, we launched:

- first biometric signing process in the sector; customers can now sign a lease agreement on the leasing consultant's screen, and receive documents electronically,
- leasing of cars and vans up to 3.5 tons with maintenance service and mobility guarantee,
- subsidised leases under the "My Electric Vehicle" program operated by the National Fund for Environmental Protection and Water Management
- eco-loans for the financing of solutions that reduce CO2 emissions (including zero-emission heat sources, energy storage, electric vehicle charging stations, renewable energy sources).

## Relations with society

[GRI 203-2]

We tackle important social challenges, such as:

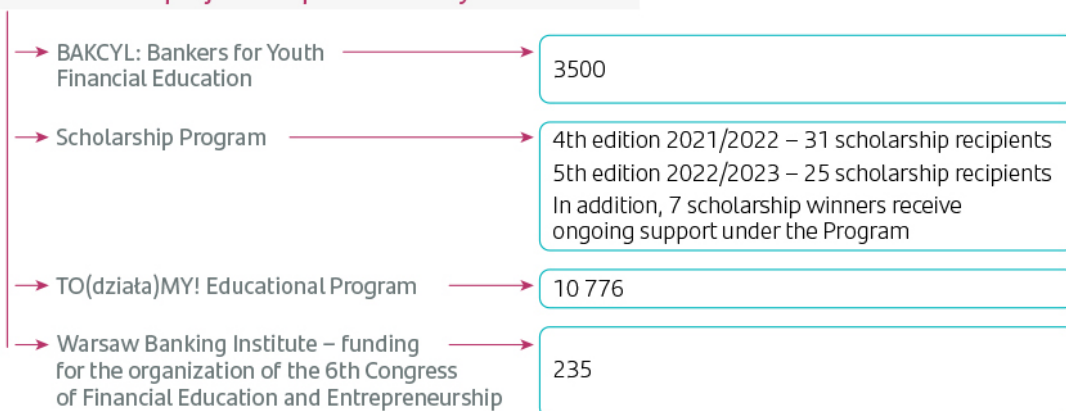
- education – supporting higher education by funding scholarships for students, disseminating financial and cyber-security knowledge;
- development of civil society;
- support for entrepreneurship;
- sponsoring culture and sports.

In 2022, in view of the outbreak of war in Ukraine, we also engaged in helping the Ukrainian community.

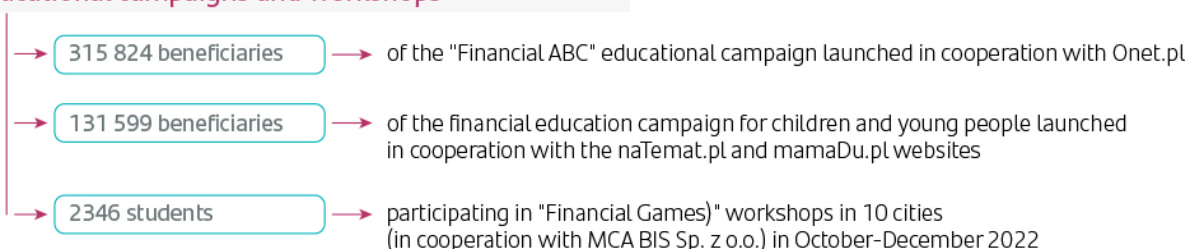
## Beneficiaries of our projects in numbers in 2022:

[Custom indicator: Number of beneficiaries of projects and social initiatives in the field of education initiated and/or supported by the bank and/or the bank's Foundation during the year]

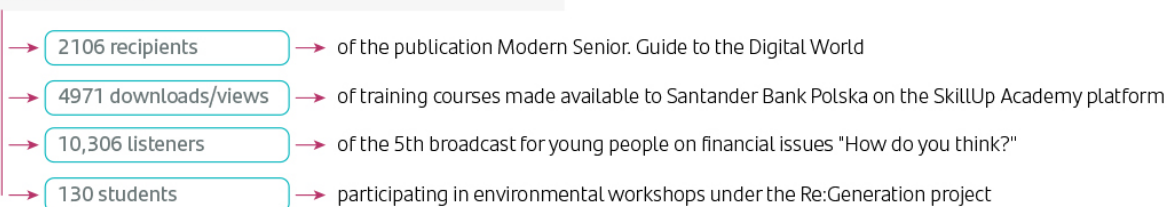
### Beneficiaries of projects implemented by the Foundation:



### Educational campaigns and workshops



### Content audiences



## Education



Education is the cornerstone of our social commitment, and the most important program in this area is Santander Universidades globally implemented by the entire Santander Group. Its goal is to:

- support the education process – we want to level the playing field for young people to access quality education,
- support entrepreneurship – we want to help implement good ideas in business,
- support young people entering the labour market – we want to help them acquire competencies sought by employers.

The backbone of the Santander Universidades program is a scholarship platform providing access to educational projects financed by the Santander Group to people over the age of 18. Those interested in gaining new competencies can take advantage of programs offered by various organizations – not only Polish, but also Spanish, German or English.

In Poland, Santander Universidades cooperates with a number of universities in different cities, where it has its contact points. We enable cooperation between business and academia, contribute to improving the quality of the education process and help young people adapt to the needs of the labour market.



## Santander Universidades in Poland in 2022



61

Number  
of universities



PLN 1.9m

Budget allocated to  
Santander Universidades



5 915

Number  
of scholarships



96 551

Number of users of the  
Santander Scholarship platform

## Santander Universidades worldwide in 2022

more than 1,000 partner  
institutions in 15 countries

Number of universities and countries  
where Santander Universidades operates



EUR 2.1 bn

Budget allocated to activities since  
the beginning of the program (in EUR)

more than  
790,000

Number of scholarships since  
the beginning of the program

## Cybersecurity

Since 2017, our bank has been a partner in the educational project "Security in Cyberspace" coordinated by the Warsaw Banking Institute. The aim of this project is to improve awareness of online safety and develop practical skills related to the use of new technologies.



Detailed information on the "Security in Cyberspace"  
project is presented at [cyber.wib.edu.pl](http://cyber.wib.edu.pl).

## Supporting entrepreneurship

"Finansiaki" – is Santander Bank Polska's proprietary project on financial education aimed at parents, teachers, children and young people. We convey to parents and teachers how the basics of entrepreneurship can be taught to children.

Training materials are published on the project's website [www.finansiaki.pl](http://www.finansiaki.pl). There you can find, among other things, a free guide for parents "Finansiaki. To My!" We post current information that makes learning more attractive on the project's Facebook page.

- **12,625** – number of downloads of lesson scripts for teachers, a guide for parents and "Finansiaki. To My!" ebook from the [finansiaki.pl](http://finansiaki.pl) website,
- **396** – number of children who took part in classes run by Santander employees,
- **4821** – number of "Finansiaki. To My!" books in PDF format sent to Santander Bank Polska customers, along with regulations for opening an account for children under 12 years old,
- **273** – number of students participating in lessons run by teachers in primary schools and kindergartens (based on lesson scripts downloaded from the website).



## Key activities of the Santander Foundation

The Santander Foundation was established in 1997. In its 25 years of operation, it has initiated and carried out most of the bank's social engagement programs. The Foundation's tasks include:

- concern for ecology,
- supporting the development of local communities,
- supporting children and young people,
- developing knowledge of safe banking.

## Scholarship program

Since 2018, the Santander Foundation has been running a scholarship program to support children and young people with special talents. The most gifted students in grades 7 and 8 of primary schools and high schools receive an annual scholarship in the amount of PLN 5,000.

This scholarship is a reward for academic performance and is a motivation for further work and achieving even better results.



## Medal-Winning Refrigerator

The Medal-Winning Refrigerator project, of which the Santander Foundation is a partner, is a response to the phenomenon of food waste and an attempt to counteract its impact on the climate. Volunteers of the Foundation visit schools throughout Poland and hold workshops on sound food management for children from 7 to 14 years of age.

- 1920 children trained
- 90 classes held



For more information on the project go to:

<https://fundacja.santander.pl/lodowka-na-medal/>.

## Independent and Safe Seniors on the Web

Seniors are a group particularly vulnerable to attacks by online fraudsters. To meet the needs of the elderly, the Santander Foundation is organizing a series of workshops on safe use of the Internet and electronic banking services. The classes are conducted throughout Poland by Foundation volunteers and police officers.

## Major grant projects of the Foundation

[Custom indicator: Total amount allocated to community engagement activities]

### Foundation's grant programs in numbers in 2022:

- 73 organizations received support under grant programs,
- 49,753 beneficiaries of grant programs,
- PLN 1,450,000.00 allocated for all grant programs.

## Hacks for Cyberattacks

The first edition of the Hacks for Cyberattacks grant competition was completed at the end of February 2022. Forty submissions were filed out of which 15 projects were awarded. Organizations received six grants of PLN 100,000 each and nine organizations received PLN 50,000 each.

In this year's edition of the program, the grants were intended to subsidize projects aimed at increasing knowledge of the security of personal finances, including safe banking, as well as awareness of possible threats and knowledge of the rules to protect against them.



## Here I Live, Here I Make ECO Changes

The goal of the program is to make a difference in local communities, offer environmental education and integrate residents. We appreciate original environmental initiatives resulting from social needs. This year we awarded 20 organizations with grants of PLN 10,000 each. The project included vertical gardens, pocket parks, rain gardens, plant murals, green libraries and public transportation stops.



## Corporate volunteering

[Custom indicator: Total amount allocated to community engagement activities] [Custom indicator: Scale of employee volunteering] [Custom indicator: Number of beneficiaries of corporate volunteering activities/year].

Since 2010, the Santander Foundation has been developing corporate volunteering which takes three different forms:

- time volunteering,
- competence volunteering,
- economic education.



For more information go to  
<https://fundacja.santander.pl/wolontariat-pracowniczy/>.

## Corporate volunteering in numbers in 2022



**210**

Number of completed corporate volunteering projects



**11,430**

Number of people helped under corporate volunteering activities



**1,972**

Number of employee volunteers



**PLN 104,249.70**

Amount of money allocated by the Santander Foundation for corporate volunteering

## Support in connection with the war in Ukraine

### Aid offered to employees amid war in Ukraine

The Santander Group's Ukrainian-origin employees received financial, psychological and other non-tangible support after the outbreak of war. Regardless of the type of employment relationship with the bank, each person coming from Ukraine could count on an ad hoc financial allowance. We made it possible for bank employees and contractors to receive salary advances for three months ahead, i.e. for March, April and May 2022. We also changed the organization of their work so as to allow for a 5-day paid leave. In addition, our recruiters and career counsellors provide job search support to the families of employees coming from Ukraine.



In 2022, the value of aid to seventy workers from Ukraine reached PLN 343,000.

We have arranged for all Santander Group employees in Poland to receive free psychological support and access to webinars on crisis situations. We have set up a special bulletin board on the intranet -where anyone can ask for help or offer support. Our employees can take advantage of 8 hours of paid absence from work related for any type of volunteering. Many employees have used this time to help refugees.

## Assistance to customers in connection with the war in Ukraine

We have exempted our Ukrainian customers from many banking fees, including those for personal accounts and debit cards. We also introduced a simplified account opening procedure for Ukrainian citizens who arrived in Poland after February 23, 2022. From March 7, 2022, Ukrainian citizens could also apply for a suspension of loan repayment.

We supported the United Nations Refugee Agency (UNHCR) in delivering cash quickly and safely to refugees from Ukraine. As part of the UNHCR Cash Assistance project, we used an innovative technology provided by Santander Bank Poland based on the BLIK check system – a unique nine-digit code that can be used to withdraw cash from ATMs without the need for a payment card, bank account or smartphone banking app. In recognition of the above activities, we were awarded the title of "Fintech Project 2022".

Business customers who are registered in Ukraine or are Ukrainian citizens were exempted from a number of fees until September 30, 2022, including fees for maintaining a business account and for business debit cards (excluding charge cards). We also did not charge a fee for outgoing or incoming transfers to/from banks in Ukraine until September 30, 2022. All customers were also able to take advantage of the services offered by our partner Telemedi.co and of instant consultations with paediatricians and general practitioners who speak Ukrainian and Russian.

## Santander Foundation for Ukraine

In response to Russia's aggression against Ukraine, the Santander Foundation, together with the Santander Bank Poland Group, implemented aid programs for Ukrainian employees, customers and the entire war-affected population. Our regular 'We Will Double Your Impact' campaign in 2022 was dedicated to Ukraine. We involved our key stakeholders – customers and employees – in the fundraising. Thanks to the generosity of more than 26,500 people, we managed to donate a total of more than PLN 4.25 million, of which more than 1.5 million was donated by Santander Group in Poland to double the contributions received. The money went to organizations coordinating aid to victims of the war – Polish Humanitarian Action, UNICEF and the Polish Red Cross. Donation was also made to the city of Przemyśl.



Santander Group's European banks have donated PLN 4.5 million to help people fleeing Ukraine because of the war. The money was transferred to the Red Cross and the UN Refugee Agency (UNHCR).

## Selected donations in aid to war-stricken Ukraine:

- **SOS Children's Villages Association in Poland** – PLN 120,248.99 to subsidize the purchase of a carousel for the playground, equipment for the "Experiencing the World" room, a recreation room for children, a hydrotherapy room and a garden furniture set for the terrace at the Intervention Facility. The support went to the SOS Children's Villages Program in Kraśnik, which houses children from Poland and Ukraine.
- **Polish Humanitarian Action Foundation** – PLN 1,166,840.95, donation for the implementation of the project organised by the Polish Humanitarian Action Foundation: "PAH's Temporary Emergency Relief Assistance Programme for People Who Fled Ukraine", consisting of providing financial assistance, to cover some of the basic needs, to the most vulnerable people who fled Ukraine due to the war
- **Polish Humanitarian Action Foundation** – PLN 10,000 for the SOS Ukraine campaign consisting of the preparation and implementation of activities responding to the crisis in Ukraine and providing assistance to refugees from Ukraine on the territory of Poland.
- **Trzebnica Residents' Association** – PLN 10,700 grant for the arrangement of Polish language courses for refugees.
- **KULCZYK FOUNDATION** – PLN 55,782.28 to support the "Hi Girls" project helping women and children from Ukraine. The money came from a special fundraiser organised and held by us from June 15 to July 15, 2022.
- **Polish Red Cross** – PLN 500,000 for humanitarian aid to Ukraine, specifically for the purchase of six defibrillators.
- **UNICEF** – PLN 2,333,681 for the "HELP FOR UKRAINE" program, including the purchase of kits for midwives, dressing supplies, surgical equipment, oxygen concentrators, educational materials, blankets and winter clothing for children and adolescents.
- **Przemyśl Municipality** – PLN 250,000 for the High School Complex No. 2, which provides assistance to children from Ukraine. The funds were used, among other things, to purchase laptops, photocopiers, printers, projectors, interactive whiteboards, as well as kitchen and canteen equipment.

- **PTAK Humanitarian Aid Centre** – PLN 22,140 to cover the cost of transporting refugees from Ukraine to the territory of Poland.
- **The Non-Irresponsible Foundation** – PLN 200,000 for the purchase of two medical vehicles.
- **Friends of Ali – Rev. Aleksander Fedorowicz Foundation** – PLN 10 552.82 for the purchase of equipment for an ambulance to be donated to a hospital in Dnipro in aid of Ukraine.
- **The Family Stop – Lower Silesia Foster Care Foundation** – PLN 120,248.99 funding for the purchase of equipment for the centre in Stary Wotów, which houses children from Ukraine in foster care. The equipment will include the purchase of a washing machine, dishwasher, bicycle racks, fans, water dispensers, and outdoor furnishings.
- **City of Białystok** – Service Centre for Childcare and Educational Institutions in Białystok – PLN 120,248.99 to help finance the renovation of rooms and playrooms intended for orphaned children from Ukraine under the Beneficiary's care.
- **Academy for the Development of Philanthropy in Poland** – PLN 20,000 of a special-purpose donation to support financially non-governmental organizations providing assistance to Refugees, Ukraine and individuals in difficult life situations, as part of the "Charity Stars" plebiscite.
- **Trzebnica Residents' Association** – PLN 2,000 to subsidise the organization of Polish language courses for refugees from war-stricken Ukraine. Funds for this purpose were raised through a dedicated charity campaign "We Are the World".

In addition, the Santander Foundation donated more than 50 laptops to individuals and organizations supporting Ukrainian refugees as part of the "Computers for Ukraine" campaign. In December 2022, in cooperation with the Committee for the Protection of Children's Rights, the Santander Foundation organized a Santa Claus party for some thirty Ukrainian children aged 6 to 13.

**Santander Leasing** has donated PLN 1,000,000 to the Santander Foundation's statutory goals as part of the "We Will Double Your Impact for Ukraine" initiative.

### Relations with the society at Santander Leasing:

- Donation and awareness-raising activities for the DKMS Foundation
- Donation to five non-profit organizations selected by our employees during T.E.A.M.S. building games,
- Collection of Christmas gifts for the residents of the Nursing Home in Mielżyn
- Business Run (we purchased a sponsorship package worth PLN 14,760)

# Our performance

## Results in the governance area

### Financial performance and key performance indicators

Data relates to Santander Bank Polska S.A.

#### Customers



● Total number of bank customers (in thousands)	5,695
● Santander Internet – registered customers (in thousands)	4,869
● Santander Internet – active customers (in thousands)	3,285
● Santander mobile – active mobile banking customers (in thousands)	2,452
● iBiznes24 – registered companies (in thousands)	20

#### Outlets



Number of bank access points/outlets in Poland in 2022

● a. branches <sup>13</sup>	351
● b. partner outlets	170
● Number of banking centres – Business and Corporate Banking Centres	6

#### ATMs and CDMs



● Number of ATMs	472
● Number of CDMs	0
● Number of dual-function machines	952

<sup>13</sup> Total number of bank branches, off-site locations and Santander zones

## Financial results

Data relates to Santander Bank Polska S.A.

Profit for the period (in PLN million)	2,449.0
Total liabilities (in PLN million)	211,802.8
Total equity (in PLN million)	26,295.3
ROE [%]	11.4%
Cost/Income (C/I) [%]	37.9%
TCR (Total Capital Ratio) *	21.1%

\*Data in the relevant periods include profits credited to shareholders' funds in accordance with applicable EBA guidelines.

## Achievement of Responsible Banking Targets

Data relates to Santander Bank Polska S.A.

No.	2022 results	2021 results
1 Top 10 employers (position in the ranking)	Top Employer certificate	Top Employer certificate
2 Women in senior positions	34.7%	34.7%
3 Equal Pay Gap	2.0%	2.4%
4 Number of people financially empowered as of 1 January, 2019 (thousands)	651,453	130,992
5 Green finance in line with FSCS (in EUR m) *	566.4	214.0
6 Electricity from renewable sources (%) **	83.5%	82%
7 Elimination of single-use plastics (% implementation)	100%	100%
8 Scholarships, internships and job placements (number)	5,915	6,422
9 Number of people helped	493,461	305,652

\* Change in the metric presentation: results from the Corporate and Investment Banking Division have been added and information on compliance with SFCS provided

\*\* Electricity purchased directly by the bank

[GRI 2-21] Data relates to Santander Bank Polska S.A.

## Annual total remuneration index

	2022	2021
Annual total remuneration of the highest paid person in the organization (PLN)	5 871 139*	4 530 375
Median annual total remuneration including all employees of the organization, excluding the highest paid person (PLN)	117,081	96,490
Ratio	5 015%	4 695%

\*The remuneration does not include additional benefits

[GRI 2-21] Data relates to Santander Bank Polska S.A.

### Ratio of the of the highest paid person's remuneration to the median remuneration in the bank

In 2022, the ratio of the remuneration of the highest-paid person at Santander Bank Polska S.A. to the median remuneration of all employees in the organisation (excluding this highest-paid person) was 1 to 0.02. So, in simple terms, it can be said that the remuneration of the highest-paid person in the organisation was approximately 50 times higher than the median remuneration of the other employees.

[GRI 2-21] Annual remuneration index – data relates to Santander Bank Polska S.A.

Ratio of annual total remuneration of the highest paid person in the organization to the median annual total remuneration of all employees (excluding the highest paid person)	50.15 to 1
--	------------

[205-2] Data relates to Santander Bank Polska S.A.

Anti-corruption training numbers in 2022	Number of employees offered training by employment category	Number of employees to whom anticorruption policies and procedures have been communicated	% of employees to whom anticorruption policies and procedures have been communicated	Number of employees who have received anti-corruption training	% of employees who have received anticorruption training
Management Board of the bank	9	9	100%	9	100%
Senior management of the bank	66	66	100%	65	98%
Middle management of the bank	613	613	100%	603	98%
Other employees of the bank	9,093	9,091	99,97%	8,911	98%
<b>Total</b>	<b>9,781</b>	<b>9,779</b>	<b>99%</b>	<b>9,588</b>	<b>97%</b>

\* Employees excluding members of the Management Board and middle management of Santander Bank Polska S.A.

\*\* Other managers of Santander Bank Polska S.A.

\*\*\* Number does not include employees on long-term absences

[GRI 308-1] [GRI 414-1] Data relates to Santander Bank Polska S.A.

### Key indicators reflecting the performance of purchasing processes

Number of suppliers with an annual turnover of more than PLN 50,000.	1,595
Including the number of suppliers subject to qualification	1,038
Percentage of suppliers – Polish or foreign companies – with headquarters or branch registered in Poland	89.6%
Number of completed purchasing processes	520
Percentage of new suppliers who have been evaluated for environmental criteria	100%
Percentage of new suppliers who have been evaluated for social criteria	100%



# Results in the environmental area

## Methodology for calculating CO<sub>2</sub> emissions

The Greenhouse Gas Protocol (GHG Protocol) standards, according to the revised version, were used to calculate CO<sub>2</sub> emission levels: 'A Corporate Accounting and Reporting Standard revised edition, GHG Protocol Scope 2 Guidance Amendment to the GHG Protocol Corporate Standard' and 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Supplement to the GHG Protocol Corporate Accounting and Reporting Standard'.

Emission factors developed by the UK Department for Environment Food & Rural Affairs (DEFRA 2022), the National Balancing and Emissions Management Centre and the Energy Regulatory Authority were used. No changes were made to the calculation methodology compared to the 2021 baseline. Data consolidation based on operational control was used for the calculation of GHG emissions. The calculations were performed only for Santander Bank Polska S.A. GWP (Global Warming Potential) values based on the 4th edition of the IPCC (The Intergovernmental Panel on Climate Change) report were used in the calculations. The calculation took into account emissions from the following greenhouse gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>.

### Biogenic emissions

	Emission source	Consumption	Unit	Data type	Emission indicator kgCO <sub>2</sub> e/jdn	Source	tCO <sub>2</sub> e
Out of scope	Petrol – company cars – biogenic emissions	1 574 765.3	litres	Real	0.083	DEFRA 2022	130.6
	Diesel – company cars – biogenic emissions	7,538.8	litres	Real	0.110	DEFRA 2022	0.8
	Diesel for power generators – biogenic emissions	1,500,0	litres	Real	0.110	DEFRA 2022	0.2

The table below describes the scope of the emission calculations, the emission sources and the calculation methodology:

Scope	Emission sources covered in the report		Calculation method
Scope 1	Leakage of refrigerants	R410A R407C R32	Emissions calculated on the basis of replenishment volume data for R410A, R407C, R32 provided by Santander, and the emissions factor obtained from DEFRA 2022 and EPA / Schiesl (R32) databases.
	Emissions from mobile sources	1. Diesel oil 2. petrol	Emissions calculated using diesel and petrol consumption data for the transport fleet, provided by Santander, and an emissions factor from DEFRA 2022.
	Emissions from stationary sources	1. natural gas 2. fuel oil 3. diesel fuel	Emissions calculated using consumption data for heating oil and natural gas for heating, and diesel for standby generators, and an emissions factor obtained from DEFRA 2022.

Scope	Emission sources covered in the report		Calculation method
Scope 2	Electricity	Offices	Emissions calculated on the basis of electricity consumption data, and the emission factor obtained from KOBiZE.  Market Based emissions calculated from data on the fuel mix of suppliers. The % supplier structure of the bank's branches was used due to a lack of knowledge of suppliers in some of the premises used by Santander.
		Remote work*	No actual data available – estimate based on person-days spent working remotely and assumption that a person working remotely consumes 0.12 KWh per working hour.  Emissions calculated on the basis of estimated consumption and grid emissivity factor obtained from KOBiZE.
	District heating	Offices	No actual data available – estimate based on benchmarks of annual heat consumption per sq m of floor area (extracted from the 2020 Statutory Energy Audit) and floor area of premises in use (heated with district heating). The calculation takes into account locations vacated during 2022, but only for the number of days they were in use by the bank.  Emissions calculated based on estimated consumption and an emissions factor obtained from DEFRA 2022.
Scope 3	Business travel	Rental cars	Emissions calculated on the basis of distance travelled in rented cars, provided by Santander, and an emissions factor sourced from DEFRA 2022.
		Bus travel	No actual data available – a distance of 100 km per purchased bus trip was assumed.  Emissions were calculated as the product of the estimated route length and the number of trips purchased, and the emissions factor was sourced from DEFRA 2022.
		Rail travel	No actual data available – a distance of 200 km per purchased rail trip was assumed.  Emissions were calculated as the product of the estimated route length and the number of trips purchased, and the emissions factor was sourced from DEFRA 2022.
		Air travel	Emissions calculated on the basis of domestic distance travelled (broken down by domestic, European and international flights) provided by Santander and the emissions factor sourced from DEFRA 2022.

\* For consistency with previous years' methodologies, emissions from energy consumption during remote working have been assigned to Scope 2. This is because only energy has been included in the calculation (not other sources of emissions during remote work such as heating or equipment use). The bank is in the process of revising the existing methodology.

## GHG emissions (in CO<sub>2</sub>e)

	2022	2021
Scope 1	5,264.9	5,957.1
Scope 2 (location-based)	26,348.7	29,175.5
Scope 2 (market-based)	14,234.9	15,513.0
Scope 3 (business travel)	870.1*	94.7*
<b>Total Scope 1+2 (location-based)</b>	<b>31,613.6</b>	<b>35,132.6</b>
<b>Total Scope 1+2 (market-based)</b>	<b>19,499.8</b>	<b>21,470.1</b>

\* Only location-based data from DEFRA was used.

## Electricity consumption in the bank in 2021 and 2022

Energy consumption [MWh]		2021	2022	
Total electricity consumption		26,449.3	21,670.20	●
of which total consumption of energy from non-renewable sources		14,174.30	9,551.29	●
Including:	natural gas	12,399.38	9,227.10	●
	fuel oil	1,549.37	308.28	●
	Diesel oil	225.55	15.91	●



## Bank's car fleet

	2021	2022
Number of petrol cars	13	12
Number of diesel cars	2	3
Number of hybrid/electric cars	1,303	1,310

## Business trips

Indicator	2019	2020	2021	2022
Number of trips per employee	3.17	1.55	0.60	1.05

## Reduction in Diesel oil and petrol consumption associated with business travel using the bank's fleet in 2022

Fuel consumption	
Diesel consumption (in l)	7,538,8
Change in Diesel consumption compared to 2021.	1,024,7
Petrol consumption (in l)	1 574 765,3
Change in petrol consumption compared to 2021	128,263,3
Average fuel consumption per employee:	0,0063

## Materials used in the bank by weight and volume

	Paper (kg)	Magnetic storage media (kg)
Branches	150,015	4,670
Business Support Centres	18,077.5	13,575
<b>Total 2022</b>	<b>168,092.5</b>	<b>18,245</b>
Total 2021	1,216,560	13,770


# Results in the social area

## Employment structure

[GRI 2-7]

Employment in Santander Bank Polska Group and Santander Bank Polska S.A. (persons). Status as at 31 December 2022.

Subsidiaries (Santander Leasing, Santander Factoring, Santander TFI, Santander Consumer Bank)	2,056	●
Santander Bank Polska S.A.	9,920	●
<b>Total</b>	<b>11,976</b>	



The data refers to the number of persons employed under a contract of employment, regardless of employment status.

[GRI 2-7]

Number of bank's employees by gender and employment term. Status as at 31 December 2022.

	Female	Male	Total
Permanent contract (total)	5,812	2,627	8,439
Fixed term contract (total)	955	526	1,481
<b>Total</b>	<b>6,767</b>	<b>3,153</b>	<b>9,920</b>

The data refers to the number of people employed by the bank under an employment contract, regardless of employment status.

[GRI 2-7]

Number of bank employees (persons) in 2017-2022

	2022	2021	2020	2019	2018	2017
Headcount as at 31 December of year concerned	<b>9,920</b>	9,584	10,671	10,867	12,641	11,489

The data refers to the number of people employed under an employment contract.

[GRI 2-7]

Number of bank's full-time and part-time employees (persons) by gender. Status as at 31 December 2022

	Female	Male	Total
Full-time	6,320	2,854	9,174
Part-time	447	299	746
<b>Total</b>	<b>6,767</b>	<b>3,153</b>	<b>9,920</b>

The data refers to the number of people employed by the bank under an employment contract.

## [GRI 2-7]

Number of bank's full-time and part-time employees (persons) by region. Status as at 31 December 2022.

				Total
Warsaw	Full-time	1,111	803	1,914
	Part time	99	76	175
Agglomerations	Full-time	2,481	1,504	3,985
	Part time	273	184	457
Large cities	Full-time	1,178	318	1,496
	Part time	63	34	97
Other	Full-time	1,550	229	1,779
	Part time	12	5	17

## [GRI 2-7]

Number of bank's employees (persons) by employment term and region. Status as at 31 December 2022.

Warsaw	Permanent	1,034	704	1,738
	Temporary	176	175	351
Agglomerations	Permanent	2,447	1,438	3,885
	Temporary	307	250	557
Large cities	Permanent	1,047	284	1,331
	Temporary	194	68	262
Other	Permanent	1,284	201	1,485
	Temporary	278	33	311
<b>Total</b>		<b>6,767</b>	<b>3,153</b>	<b>9,920</b>

## [GRI 2-7]

Number of bank's employees (persons) by place of work. Status as at 31 December 2022.

	Female	Male	Total
Business Support Centre	3,339	2,356	5,695
Branches	3,428	797	4,225

## [GRI 2-8]

Number of persons working with the Bank under a B2B agreement. Status as at 31 December, 2022.

Female	9
Male	41
<b>Total</b>	<b>50</b>

[GRI 2-8]

Number of persons providing work for the bank who are not employees and whose work is controlled by the bank, by gender and type of contract. As at 31 December 2022.

	As at 31 December, 2022			Average number in 2022		
	Female	Male	Total	Female	Male	Total
Contract of mandate with hourly rate (including internship contracts)	1,202	576	1,778	1,082	496	1,578
Contract for specific work	0	0	0	0	0	0

[GRI 202-1]

Remuneration of women and men employed by the bank, relative to the national minimum wage in 2022. Status as at 31 December 2022.

	Female	Male
Remuneration of the lowest-ranking employees in the organization <sup>14</sup>	4,383.95	4,340.00
Ratio of the remuneration paid to the lowest-ranking employees in the organization to the national minimum wage	145.6%	144.2%

## Employee turnover

[GRI 401-1]

Total number of new bank employees hired under an employment contract, number of employee departures (persons) and the turnover rate in 2022.

	Number of employees at end of 2022	Number of newly hired employees in 2022 (number of persons hired, under employment contract) by gender	Share of newly hired employees by gender in the total number of employees**	Number of employee departures***	Employee turnover rate by gender against total number of employees****
Female	6,767	1,148	17%	1,140	17%
Male	3,153	638	20%	513	16%
<b>Total</b>	<b>9,920</b>	<b>1,786</b>	<b>18%</b>	<b>1,653</b>	<b>17%</b>

\* The data refer to the number of people employed by the bank, regardless of employment status. Where a person is employed twice during the year, it is shown once.

\*\* Regarding the figure of 9,920 – number of employees regardless of employment status.

\*\*\* Data refers to the number of people, regardless of employment status. Number of departures from 2022. If one person has left twice, it is reported once.

\*\*\*\* Ratio of employee departures, by gender, in the reported period to the number of all employees, by gender, employed at the bank under an employment contract as at 31 December 2022.

<sup>14</sup> The remuneration of the lowest-ranking employees has been determined with regard to the position of account manager/relationship manager. The amount of remuneration paid by Santander Bank Polska is determined based on market valuation.

[GRI 401-1]

Total number of newly hired employees and number of departures of newly hired employees (persons).  
Turnover rate of newly hired employees by age in 2022. Status as at 31 December 2022.

	Number of employees	Number of newly hired employees	Percentage of newly hired employees	Number of employee departures	Employee turnover rate
up to 30 years old	1,592	881	55%	460	29%
30-50 years old	6,501	853	13%	993	15%
over 50 years old	1,827	52	3%	200	11%
<b>Total</b>	<b>9,920</b>	<b>1,786</b>	<b>18%</b>	<b>1,653</b>	<b>17%</b>

[GRI 401-1]

Number of newly hired bank employees (persons) by gender and region in 2022.  
Status as at 31 December 2022.

Place of work	Employees	Female	Male	Total	Percentage of newly hired employees
Warsaw	2,099	214	211	425	20.25%
Agglomerations	4,442	394	284	678	15.26%
Large cities	1,593	220	95	315	19.77%
Other	1,796	320	48	368	20.49%
<b>Total</b>	<b>9,920</b>	<b>1,148</b>	<b>638</b>	<b>1,786</b>	<b>18%</b>

GRI 401-1]


Number of employee departures (persons) by gender and region in 2022. Status as at 31 December 2022.

Place of work	Employees	Female	Male	Total	Percentage of newly hired employees
Warsaw	2,099	162	150	312	14.86%
Agglomerations	4,442	384	223	607	13.67%
Large cities	1,593	230	78	308	19.33%
Other	1,796	364	62	426	23.72%
<b>Total</b>	<b>9,920</b>	<b>1,140</b>	<b>513</b>	<b>1,653</b>	<b>16.66%</b>

[GRI 404-1]

Number of training hours provided to bank employees by gender. Status as at 31 December 2022.

Gender	Number of training hours provided	Average number of training hours per employee
Female	354,221.9	47.09
Male	106,643.26	29.93
<b>Total</b>	<b>460,865.16</b>	<b>41.58</b>



[GRI 404-1]

Number of training hours provided to bank employees (by employee category). Status as at 31 December 2022.

Employee category	Total number of employees	Number of training hours provided to employees	Average number of training hours per employee
Senior management	109	1,102.13	10.11
Middle management	437	4,758.03	10.89
Other employees	10,538	455,005	43.18
<b>Total</b>	<b>11,084</b>	<b>460,865.16</b>	

## Diversity

[GRI 405-1]

Number of bank employees by employee category, age group and gender. Status as at 31 December 2022.

Employees		Number of employees in the bank			% of employees in the bank		
		Female	Male	Total	Female	Male	Category vs. all employees
Senior management*	up to 30 years old	0	0	0	0.00%	0.00%	0.00%
	30-50 years old	28	50	78	25.00%	44.64%	69.64%
	over 50 years old	14	20	34	12.50%	17.86%	30.36%
	<b>Total</b>	<b>42</b>	<b>70</b>	<b>112</b>	<b>0.42%</b>	<b>0.71%</b>	<b>1.13%</b>
Other managers	up to 30 years old	10	13	23	0.80%	1.04%	1.83%
	30-50 years old	524	423	947	41.75%	33.71%	75.46%
	over 50 years old	179	106	285	14.26%	8.45%	22.71%
	<b>Total</b>	<b>713</b>	<b>542</b>	<b>1,255</b>	<b>7.19%</b>	<b>5.46%</b>	<b>12.65%</b>
Other employees	up to 30 years old	1,070	499	1,569	12.52%	5.84%	18.36%
	30-50 years old	3,834	1,637	5,471	44.87%	19.16%	64.03%
	over 50 years old	1,107	397	1,504	12.96%	4.65%	17.60%
	<b>Total</b>	<b>6,011</b>	<b>2,533</b>	<b>8,544</b>	<b>60.59%</b>	<b>25.53%</b>	<b>86.13%</b>

\* This category does not include the Management Board, which is understood as the "Top Management" category.



[GRI 405-1]

## Foreign employees\* of the bank (persons). Status as at 31 December 2022.

	Number of foreign employees by age group and gender			Percentage of foreign employees by age and gender		
	Female	Male	Total	Female	Male	Total
up to 30 years old	27	13	40	0.27%	0.13%	0.40%
30-50 years old	13	7	20	0.13%	0.07%	0.20%
over 50 years old	1	4	5	0.01%	0.04%	0.05%
<b>Total</b>	<b>41</b>	<b>24</b>	<b>65</b>	<b>0.41%</b>	<b>0.24%</b>	<b>0.66%</b>

\* Foreign employee – a person employed under a contract of employment with Santander Bank Polska S.A. having a nationality other than Polish.

[GRI 405-1]

## Number of Management Board and Supervisory Board members by age group and gender. Status as at 31 December 2022.

Governing body members		Number of members in each group			Percentage of members in each group		
		Female	Male	Total	Female	Male	Total
Management Board	up to 30 years old	0	0	0	0.0%	0.0%	0.0%
	30-50 years old	0	5	5	0.0%	55.6%	55.6%
	over 50 years old	1	3	4	11.1%	33.3%	44.4%
	<b>Total</b>	<b>1</b>	<b>8</b>	<b>9</b>	<b>11.1%</b>	<b>88.9%</b>	<b>100.0%</b>
Supervisory Board	up to 30 years old	0	0	0	0.0%	0.0%	0.0%
	30-50 years old	0	0	0	0.0%	0.0%	0.0%
	over 50 years old	4	6	10	40.0%	60.0%	100.0%
	<b>Total</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>40.0%</b>	<b>60.0%</b>	<b>100.0%</b>

[GRI 405-1]

## Foreign members of the Management Board or Supervisory Board. As at 31 December 2022.

Foreign members of the Management Board or Supervisory Board	Number of foreigner members in each group			Percentage of foreigners by age and gender in total (Management Board and Supervisory Board members)		
	Female	Male	Total	Female	Male	Total
up to 30 years old	0	0	0	0.00%	0.00%	0.00%
30-50 years old	0	1	1	0.00%	5.26%	5.26%
over 50 years old	1	6	7	5.26%	31.58%	36.84%
<b>Total</b>	<b>1</b>	<b>7</b>	<b>8</b>	<b>5.26%</b>	<b>36.84%</b>	<b>42.10%</b>

## Remuneration

[405-2]

Ratio of basic salary of female employees of the bank to male employees of the bank, by employment category

Employment category	Basic salary*	Remuneration **
Senior management without the Management Board	85.6%	82.40%
Other managers	79.81%	77.40%
Other employees	68.95%	69.40%

\* Basic salary – salary net of any additional amounts such as bonuses, premiums, amounts due for overtime

\*\* Remuneration – the basic salary along with additional amounts paid to the employee. Examples of such amounts paid to an employee may include benefits related to seniority, including allowances and bonuses.

Data is not collected by region. Variable elements of remuneration are not included in the calculations.

Management positions in the bank by gender

Employment category	Female	Male
Top management (Management Board)	1	8
Senior managers	42	69
Other managers	682	511

## Occupational Health and Safety

[403-9]

Work-related accidents and incidents in the bank by gender\*

	Total number of work-related injuries: bank employees, by gender			Work-related injury rate based on 200,000 hours worked		
	Female	Male	Total	Female	Male	Total
Number of fatalities due to work-related injuries	0	0	0	0	0	0
Number of serious work-related injuries (excluding fatalities)	0	0	0	0	0	0
Number of recordable work-related injuries (including fatalities)	25	6	31	0.54	0.25	0.44
Total number of work-related injuries for all employees	25	6	31	0.54	0.25	0.44
Number of identified potentially high-impact work-related incidents	0	0	0	–	–	–
Number of identified near-miss incidents	0	0	0	–	–	–

\* Our Occupational Health and Safety Office does not collect information on accidents or injuries to persons performing work who are not employed by the organization.

All information about accidents is reported to third-party coordinators in accordance with the law in force. For this reason, the summary does not include information on injuries to non-employees providing work for the organization.

## Performance appraisal

[404-3]

Percentage of bank employees subject to regular performance appraisals and career development reviews by gender and employment category in 2022.

Employee category	% of employees subject to regular performance appraisals by gender		% of employees subject to regular career development reviews by gender	
	Female	Male	Total	Female
Senior management	100%	100%	100%	100%
Middle management	93%	93%	100%	100%
Other employees	79%	85%	100%	100%
<b>Total</b>	<b>81%</b>	<b>86%</b>	<b>100%</b>	<b>100%</b>

# About the report

## Description of the reporting process

[GRI 2-2] [GRI 2-3] [GRI 2-4] [GRI 2-14]

The Santander Bank Polska S.A. ESG 2022 Report is the tenth publication presenting our social, environmental and economic impact and describing management practices. This report provides the data and describes the practices of Santander Bank Polska S.A. (unless it is explicitly indicated in the content that certain information relates to the Santander Bank Polska Group, the Banco Santander Group or a subsidiary or associate of the bank. Additionally, we have included in this report, for the first time, partial information concerning Santander Leasing S.A. and Santander Factoring Sp. z o. o. regarding employee matters (if a given piece of information relates to either of these companies, it is explicitly stated in the report each time). The report covers the period from 1 January 2022 to 31 December 2022 and covers the same reporting period as the Financial Statements, unless otherwise specified herein. These reports are published annually and the previous report was released on 27 July 2022. This report will be published in June 2023.

**We did not make any changes to the reported non-financial information during the reporting period.**

This publication is based on the updated version of the Global Reporting Initiative (GRI) international standard. In the GRI Table you can find information where each disclosure related to Santander Bank Polska S.A. is made in the report.

In addition, the report refers to international guidelines and goals relevant to our organization and the financial sector. These include:

- European Commission guidelines for the disclosure of non-financial information related to climate impacts,
- UNEP FI principles – Principles for Responsible Banking,
- Sustainable Development Goals identified as strategic for Santander Bank Polska S.A.

On top of that, the publication takes into account the assumptions and indicators defined by the "Guidelines for ESG Reporting – A Guide for Companies Listed on the WSE." The report also takes into account the bank's own performance indicators, which are specific to our operations.

Part of this publication is a climate report developed using TCFD recommendations. In accordance with the guidelines, the bank integrates its sustainability disclosures with climate impact information. In 2022, we conducted an analysis that identified climate risks and opportunities in two scenarios, covering the short (2025), medium (2030) and long term (2050). The methodology for the TCFD report is presented in the 2021 ESG report.

The material topics included in the report were developed using the bank's ESG materiality matrix. A detailed description and the process of the matrix development are presented in the subsection Selection of Material Topics for the Bank.

[GRI 2-14]

**The bank's Management Board is actively involved in the reporting on sustainability issues. As part of its commitment, the Management Board is responsible, among other things, for involving relevant units and committees in the reporting process, ensuring adherence to due diligence processes and final approval of the ESG Report content. The bank has not established dedicated committees to deal with ESG reporting, but the following bodies have been included in the reporting process to ensure appropriate attention to the bank's non-financial information disclosure:**

- Disclosure Committee;
- Responsible Banking and Corporate Culture Committee;

## Independent assurance

### [GRI 2-5]

Santander Bank Polska S.A., as part of ensuring due diligence in its sustainability reporting process, voluntarily submits selected disclosures to an independent review that provides limited assurance and is conducted in accordance with the National Standard on Assurance Engagements Other than Audits and Reviews 3000 (Z) as set out in International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements Other than Audits and Reviews of Historical Financial Information" ("KSUA 3000 (Z)"). The audit process of non-financial data is coordinated by the Sustainability and ESG Team, with the support of the Management Board of the Bank. The Supervisory Board does not actively participate in this process.

The following GRI disclosures were reviewed:

- Profile disclosures: GRI 2-1 – GRI 2-30,
- Values and ethics: GRI 418-1,
- Security of services, transactions and customer data: GRI 205-2 – GRI 205-3, GRI 417-2, GRI 417-3, GRI 419-1,
- Aligning portfolio with Net Zero 2050 strategy goals, Green finance, Direct environmental impact:
  - GRI 305-1 – GRI 305-2,
  - The processes used to identify and assess climate-related risks, the main types of risk and how they are managed
- Other: GRI 401-1, GRI 405-1 – GRI 405-2, GRI 406-1.

Due to upcoming regulatory requirements, a decision has been made to have the 2022 ESG Report reviewed by Santander Bank Polska Group's lead auditor, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k. (PwC), a third party with which we have no relationships that could affect the independence of the assurance. This is a step towards the intended integrated reporting of ESG issues along with financial statements. In accordance with the provisions of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision, the audit firm and the statutory auditor are required to maintain their independence with respect to the Bank and the Group. In addition, based on the requirements of Recommendation H, it periodically reviews the independence of the audit firm and its employees. This assessment also takes into account the possibility of providing non-audit services. (In addition, in order to achieve this objective, we are publishing a report together with the Management Board's Report on the activities of the Santander Bank Polska Group in 2022).

# List of indicators

Below are explanations of the designations used in the report. The table refers to where each disclosure is made in accordance with the GRI standard.



## GRI table

Indicator symbol	Name	Report section
GRI 2-1	Organisational details	→ Activity profile – page 6
GRI 2-2	Entities included in the organization's sustainability reporting	→ About the report – page 92 →
GRI 2-3	Reporting period, frequency and contact point	→ About the report – page 92 → Contact – page 102
GRI 2-4	Restatements of information	→ Description of the reporting process – page 92 → About Santander Bank Polska – page 6
GRI 2-5	External assurance	→ Audit assurance – page 93
GRI 2-6	Activities, value chain and other business relationships	→ Activity profile – page 6 → Sustainable supply chain – page 46 → Green finance – page 49–50
GRI 2-7	Employees	→ Employment structure – page 84 → Social performance results – page 84–91
GRI 2-8	Workers who are not employees	→ Employment structure – page 84 → Social performance results – page 84–91
GRI 2-9	Composition and structure of Highest governance body	→ Management Board composition – page 25 → Committees – page 27 → Diversity in the workplace – page 61
GRI 2-10	Highest governance body structure and composition	→ Appointment of the Management Board, assessment of activities, knowledge and competences of the members – page 26 → Appointment of the Supervisory Board – page 26
GRI 2-11	Nomination and selection of the highest governance body	→ Management Board composition – page 25
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	→ Role of the Management Board and Supervisory Board – page 26

GRI 2-13	Delegation of responsibility for managing impacts	→ Committees – page 29
GRI 2-14	Role of the highest governance body in sustainability reporting	→ Description of the reporting process – page 92
GRI 2-15	Conflict of interest	→ Conflicts of interest – page 33
GRI 2-16	Communication of critical concerns	→ Values and ethics – page 32
GRI 2-17	Collective knowledge of the highest governance body	→ Appointment of the Management Board, assessment of activities, knowledge and competences of the members – page 26
GRI 2-18	Evaluation of the performance of the highest governance body	→ Appointment of the Management Board, assessment of activities, knowledge and competences of the members – page 26
GRI 2-19	Remuneration policies	→ Management remuneration policies – page 30
GRI 2-20	Process to determine remuneration	→ Management remuneration policies – page 30 → Employee remuneration policy – page 63
GRI 2-21	Annual total compensation ratio	→ Management remuneration policies – page 30
GRI 2-22	Statement on sustainable development strategy	→ Letter from the CEO – page 4-5
GRI 2-23	Policy commitments	→ Bank's strategy and business model – page 8
		→ Corporate governance strategies and policies – page 23
		→ Sustainable supply chain – page 46
		→ Environment and climate strategies and policies – page 47
		→ Portfolio alignment with Net Zero 2050 goals – page 49
GRI 2-24	Embedding policy commitments	→ Human rights policy – page 45
		→ Bank's strategy and business model – page 8
		→ Corporate governance strategies and policies – page 23
		→ Values and ethics – page 32
		→ Sustainable supply chain – page 46
GRI 2-25	Processes to remediate negative impacts	→ Environment and climate strategies and policies – page 47
		→ Human rights policy – page 45
		→ Selection of topics material for the bank – page 17
GRI 2-26	Mechanisms for seeking advice and raising concerns	→ Values and ethics – page 32
		→ Complaints – page 68
GRI 2-27	Compliance with laws and regulations	→ Values and ethics – page 32
		→ Meeting regulatory ESG requirements – page 44
GRI 2-28	Membership of associations	→ Transparency – page 69
		→ Partnerships and engagement for sustainable development – page 15
GRI 2-29	Approach to stakeholder engagement	→ Our stakeholders – page 14
GRI 2-30	Collective bargaining agreements	→ Employment structure – page 61

GRI 3-1	Process to determine material topics	→ Selection of material topics for the bank – page 17
GRI 3-2	List of material topics	→ Selection of material topics for the bank – page 17
GRI 3-3	Management of material topics (identified as material in the materiality matrix)	→ Role of Management Board and Supervisory Board Transparency – page 26
		→ Values and ethics – page 32
		→ Security of services, transactions and customer data – page 35
		→ Integrating ESG into the organization's risk management system – page 36
		→ Meeting regulatory ESG requirements – page 44
		→ Organisational and business resilience – page 45
		→ Positive customer experience – page 58
		→ Inclusive and sustainable banking – page 59
		→ Customer-centricity – page 67
GRI 201-1	Direct value generated and distributed	→ Performance results – page 11
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	→ Diversity in the workplace – page 61
GRI 203-2	Material indirect economic impact	→ Relations with the society – page 71
GRI 205-2	Communication and training on anti-corruption policies and procedures (indicator reported partially)	→ Anti-corruption – page 34
GRI 205-3	Confirmed cases of corruption and actions taken in response to them	→ Anti-corruption – page 34
GRI 301-1	Materials used by weight or volume	→ Other environmental indicators – page 53
GRI 302-1	Energy consumption within the organization	→ Other environmental indicators – page 53
GRI 303-1	Water consumption as a common resource	→ Other environmental indicators – page 53
GRI 305-1	Total direct greenhouse gas emissions	→ Greenhouse gas emissions – page 51
GRI 305-2	Total indirect greenhouse gas emissions by weight	→ Greenhouse gas emissions – page 51
GRI 305-3	Other indirect greenhouse gas emissions	→ Greenhouse gas emissions – page 51
GRI 308-1	Percentage of new suppliers assessed according to environmental criteria	→ Sustainable supply chain – page 46
GRI 401-1	Total number and percentage of new employees and total number of employees who left the organization during the reporting period	→ Employment structure – page 61
GRI 401-2	Additional benefits (perks) provided to full-time employees	→ Benefits – page 65
GRI 403-2	Hazard identification, risk assessment and incident investigation	→ Occupational health and safety – page 66
GRI 403-5	Occupational health and safety training	→ Occupational health and safety – page 66
GRI 403-6	Health promotion	→ Occupational health and safety – page 66
GRI 403-9	Type and rate of work-related injuries	→ Occupational health and safety – page 66



GRI 404-1	Number of training days per year per employee by employment structure	→	Training and development – page 64
GRI 404-2	Management skills development and lifelong learning programmes	→	Training and development – page 64
GRI 404-3	Percentage of employees subject to regular performance evaluation and career development reviews, by gender and employment category	→	Training and development – page 64
GRI 405-1	Diversity of supervisory bodies and staff	→	Diversity in the workplace – page 61
GRI 405-2	Ratio of male to female base salary by position held	→	Diversity in the workplace – page 61
GRI 406-1	Total number of discrimination cases	→	Transparency – page 69
GRI 414-1	Percentage of new suppliers assessed against social criteria	→	Sustainable supply chain – page 46
GRI 415-1	Total value of financial and in-kind donations to political parties, politicians and similar parties	→	Transparency – page 69
GRI 417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	→	Transparency – page 69
GRI 417-3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	→	Transparency – page 69
GRI 418-1	Total number of justified complaints regarding breaches of customer privacy and data loss	→	Transparency – page 69
FS 14 (GRI Sector Supplement)	Actions taken to ensure access to financial services for people from disadvantaged groups	→	Inclusive and sustainable banking – page 59

## TCFD table

Aiming at compliance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), in our ESG report for 2021 we included, for the first time, the related TCFD report as a separate part of the publication. This year, we continue our disclosures of climate-change related information by integrating it into the report. Such an approach offers presentation of the information in a relevant context and minimises duplication. Below find the information where to find specific disclosures in the report for ease of reference:

RECOMMENDED DISCLOSURES	Report section
<b>Disclose the organisation's management policies on climate-related risks and opportunities.</b>	
Describe the management board's oversight of climate-related risks and opportunities.	→ Role of Management Board and Supervisory Board – page 26
Describe the role of management in assessing and managing climate-related risks and opportunities.	→ Role of Management Board and Supervisory Board – page 26
<b>Disclose the actual and potential impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning, if such information is relevant.</b>	
Describe the climate-related risks and opportunities that the organisation has identified in the short, medium and long term.	→ Climate risks – page 41 and Climate opportunities – page 44
Describe the impact of climate-related risks and opportunities on the organisation's operations, strategy and financial planning.	→ Management of social, environmental and climate-change risk in sensitive sectors – page 37
Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	→ Climate risks – page 41
<b>Disclose how the organisation identifies, assesses and manages climate-related risks</b>	
Describe the organisation's processes for identifying and assessing climate-related risks.	→ Climate risks – page 41, Management of social, environmental and climate-change risk in sensitive sectors – page 37
Describe the organisation's processes for managing climate-related risks.	→ Integrating ESG into the organization's risk management system – page 36
Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management of the organisation.	→ Integrating ESG into the organization's risk management system – page 36
<b>Disclose the measures and targets used to assess and manage relevant climate-related risks and opportunities, if such information is relevant.</b>	
Disclose the indicators used by the organisation to assess climate-related risks and opportunities in line with the risk management strategy and process.	→ Greenhouse gas emissions – page 51
The extent of greenhouse gas emissions and the associated risks must be disclosed.	→ Greenhouse gas emissions – page 51
Describe the objectives used by the organisation to manage climate-related risks and opportunities and performance against the objectives.	→ Bank's strategy and business model page 8 <i>We do not have transition plans at present.</i>

## List of indicators according to the Guidelines for ESG Reporting. Instruction for WSE listed companies



		Report section
E-P1	Greenhouse gas emissions	→ Greenhouse gas emissions – page 51
E-P2	Energy consumption	→ Other environmental indicators – page 53
E-P3	Climate-related risks and benefits	→ Climate risks – page 41-46
		→ Climate chances – page 47
E-S3	Water consumption	→ Other environmental indicators as a descriptive measure – page 53
E-S5	Impact on biodiversity	→ Santander Bank Polska S.A.'s operations have a negligible impact on biodiversity. Our Responsible Banking Strategy – Responsible Banking identifies other environmental impact issues as priorities.
E-S6	Pollution and waste	→ Other environmental indicators – page 53
S-P1	Diversity in supervisory bodies	→ Diversity in the workplace – page 61
S-P2	Equal pay index	→ Diversity in the workplace – page 61
S-P3	Staff turnover	→ Employment structure – page 61
S-P4	Freedom of association and collective bargaining	→ Employment structure – page 61
S-S1	Occupational health and safety	→ Occupational health and safety – page 66
S-P5	Human rights policy	→ Human rights policy – page 45
S-P6	Human rights due diligence procedures	→ Human rights policy – page 45
G-P1	Structure of management bodies	→ Description of the management structure – page 25
G-P2	Code of ethics	→ Values and ethics – page 32 – 33
G-P3	Anti-corruption policy	→ Anti-corruption – page 34
G-P4	Whistleblowing mechanism	→ Values and ethics – page 32-33
G-S1	Data protection policy	→ Security of services, transactions and customer data – page 35

## List of Santander's custom indicators

Indicator name	Report section
Number of the bank's access points in Poland, including branches broken down by outlets operated directly by the bank and partner outlets	→ Performance results – page 11
Scale of corporate volunteering	→ Corporate volunteering – page 75
Number of beneficiaries of corporate volunteering activities / year	→ Corporate volunteering – page 75
Total amount allocated to community engagement activities	→ Major grant projects of the Foundation – page 74
Number of customers using mobile and online banking	→ Security of services, transactions and customer data – page 35
Number of interactions in remote channels	→ Security of services, transactions and customer data – page 35
Main eco-friendly products and services offered to customers, including offerings that influence climate change solutions	→ Green finance – page 49
Main actions to increase customer satisfaction	→ Customer-centricity – page 67
Results of customer satisfaction measurement	→ Positive customer experience (NPS) – page 58
Information about key products, including new products introduced during the reporting period	→ Bank's strategy and business model – page 8 → New technologies and innovation – page 70
Products and initiatives for small and medium-sized enterprises (SMEs)	→ New technologies and innovation – page 70
Number of bank branches with Barrier-Free Service certification	→ Inclusive and sustainable banking – page 59
Number of beneficiaries of projects and social initiatives in the field of education initiated and/or supported in a given year by the bank and/or the bank's Foundation	→ Relations with the society – page 71
List of key activities and initiatives carried out in the bank during the year to increase employees' knowledge of the bank's ethics and culture	→ Values and ethics – page 32
Description of policies, procedures and results of climate risk exposure testing	→ Climate risks – page 41-44
Actions implemented to ensure cybersecurity	→ Security of services, transactions and customer data – page 35
Description of the bank's approach to integrating the requirements of the ESG regulations into its business strategy	→ Meeting regulatory ESG requirements – page 44

# Glossary

**Agile** – Agile ways of work are based on interdisciplinary teams which are close to the customer and can quickly implement new solutions

**OHS** – Occupational Health and Safety

**EBA** – European Banking Authority

**EPG** – Equal Pay Gap, adjusted indicator of pay gap between men and women

**ESG** – Environmental, Social and Governance. ESG means non-financial rating factors for companies and organisations: environmental (E), social (S) and governance (G).

**GRI** – Global Reporting Initiative

**GPG** – Gender Pay Gap, unadjusted indicator of pay gap between men and women

**EC** – European Commission (UE)

**UN** – United Nations Organization

**TCFD** – Task Force on Climate-related Financial Disclosures appointed by the G20 Financial Stability Board.

**UNEP FI** – United Nations Environment Programme Finance Initiative

**RES** – Renewable Energy Sources

**C/I** – Cost-to-Income Ratio

**TCR** – Total Capital Ratio

**CoR** – Cost of Credit Risk

**NPS** – Net Promoter Score. Measure of customer loyalty and satisfaction

## Contact

[GRI 2-3]

We are interested in your feedback on our report and the scope of information you would like to see in its next edition. Please contact us to share your suggestions:

### Joanna Maras

Senior Sustainability and ESG Specialist, Santander Bank Polska  
e-mail: joanna.maras@santander.pl

### Michał Wróblewski

Senior Sustainability Communication and ESG Specialist, Santander Bank Polska  
email: michal.wroblewski@santander.pl

### Our registered office address:

Santander Bank Polska S.A.  
al. Jana Pawła II 17  
00-854 Warsaw

[www.santander.pl](http://www.santander.pl)

[www.esg.santander.pl](http://www.esg.santander.pl)

ESG 2022 Report Santander Bank Polska S.A. was signed with an electronic qualified signature by:

Date	Name	Function	Signature
	Michał Gajewski	President	